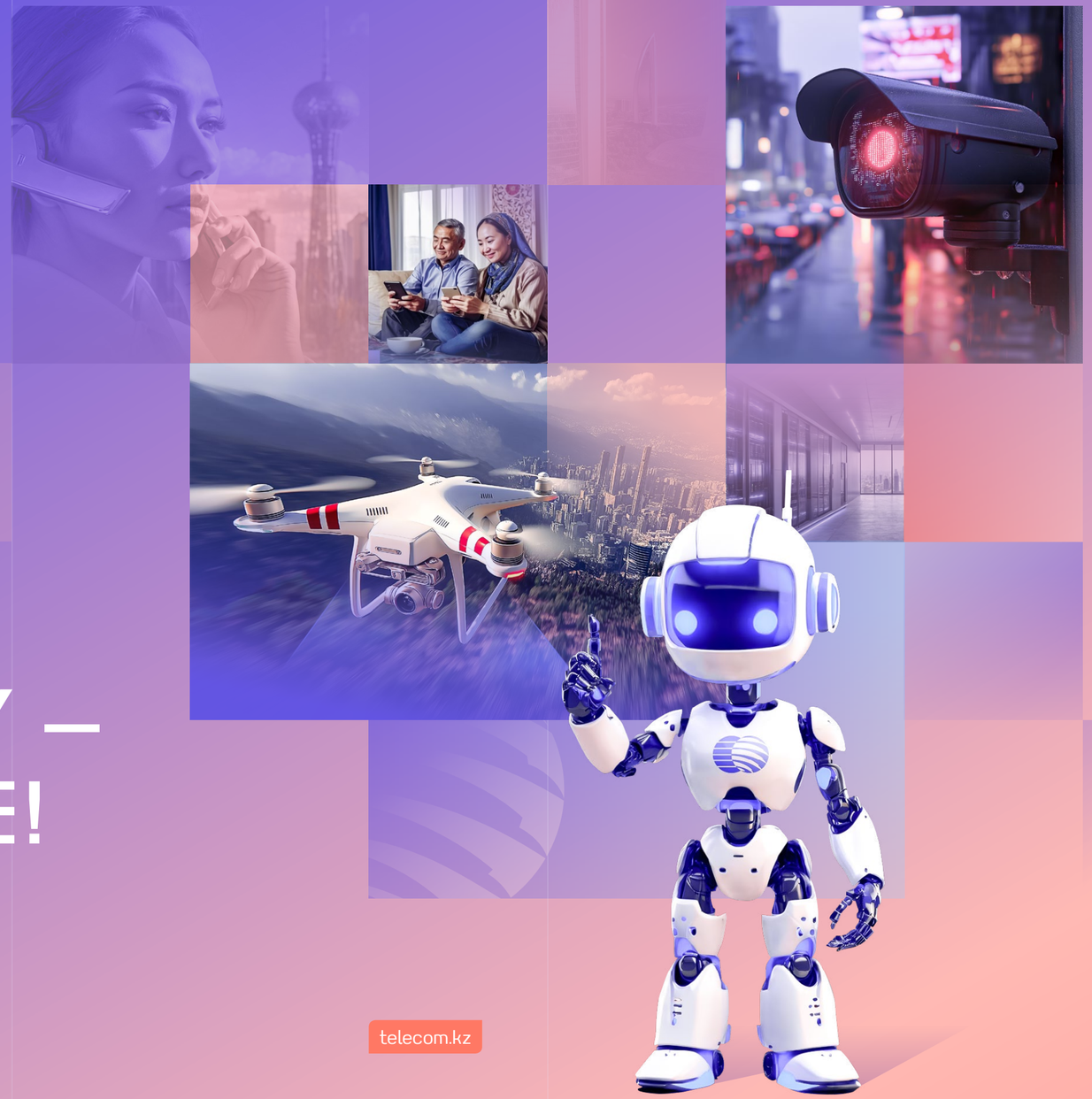
KAZAKHTELECOM

2024

INVESTING IN QUALITY – BUILDING THE FUTURE!



Integrated Annual Report
Kazakhtelecom JSC / 2024

telecom.kz

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PREFACE

We present to your attention the Integrated Report on the activities of Kazakhtelecom JSC for the 2024. This document provides a detailed analysis of the Company's financial and operational performance, and highlights key achievements, ongoing initiatives, and strategic development priorities.

>91
thousand kilometers of fiber-optic networks

23
reliable data centers and a wide-reaching mobile network

~600
thousand companies are registered in the OFD system

The past year proved to be both challenging and productive for the Company. Despite market fluctuations, intensified competition, and growing customer expectations, Kazakhtelecom JSC successfully responded to these challenges and achieved significant results, reaffirming its efficiency.

In 2024, the Company retained its status as the undisputed leader in Kazakhstan's telecommunications market, offering a broad range of services in the segments of fixed-line telephony, broadband internet access, mobile communications, pay TV, data storage and processing, IT products, and other digital services.

Kazakhtelecom JSC still remains the largest exporter of high-tech services and advanced business solutions for clients in the B2C, B2B, B2G, and B2O segments.

During the reporting year, the Company focused on implementing both previously initiated and new strategic projects aimed at business development and strengthening the country's telecommunications infrastructure.

As part of the large-scale "Tazartu" project, the modernization of the network infrastructure continued, with over 70,000 customers migrated from ADSL to GPON technology. Additionally, the launch of the "Sapa+" project began, aimed at upgrading routers and covering more than 200,000 subscribers.

Both projects significantly enhanced the quality and availability of telecommunications services and contributed to a reduction in customer requests and complaints.

The Company continued its participation in the deployment of 5G technology by building a transport network to support fifth-generation base stations. The international project to construct the Trans-Caspian submarine fiber-optic communication line along the "Kazakhstan – Azerbaijan" route is also progressing actively.

Furthermore, 2024 was a milestone year for the Company, marked by its anniversary and the completion of a major deal – the sale of a 100% stake in its subsidiary Mobile Telecom-Service LLP to the Qatari holding Power International Holding.

One of the Company's key competitive advantages remains its extensive and advanced infrastructure: more than 91,000 kilometers of fiber-optic networks, 23 reliable data centers, and a wide-reaching mobile network. This infrastructure enables the delivery of high-quality services to millions of subscribers in broadband, mobile communications, pay TV, and video surveillance. The Company also provides services to thousands of schools, medical institutions, and government agencies.

Special attention is given to supporting and developing Kazakhstan's business sector. Today, more than 80,000 SMEs utilize Kazakhtelecom JSC's business solutions, and around 600,000 companies are registered in the OFD system. The Company is actively expanding digital service capabilities through the open ISMET.kz platform and the official portal telecom.kz, offering customers modern infocommunication solutions.

In 2025, the Company will continue to implement its strategy, maintaining a commitment to high quality standards, innovation, and social responsibility. We look forward to further strengthening our partnerships with you – our shareholders, clients, and partners.

MESSAGE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

GRI 2-22

N. BAIDAULETOV

Chairman of the Board of Directors of Kazakhtelecom JSC

Dear shareholders, colleagues, customers and partners!

The 2024 marked a period of significant transformation, technological renewal, and strategic achievements for Kazakhtelecom JSC. The Company successfully strengthened its market position and made a substantial contribution to the country's digitalization by implementing a number of large-scale projects.

One of the main priorities in 2024 was the development of telecommunications infrastructure and the adoption of cutting-edge technologies. We continued the large-scale modernization of our networks, enhancing their reliability, security, and data transmission speed.

Special attention was given to the development of 5G technology – it is now available to a large number of Kazakhstanis, and we are confidently expanding its coverage nationwide.

A landmark step was Kazakhtelecom JSC's participation in the international project for the construction of the Trans-Caspian submarine fiber-optic communication line. In the future, this line will connect Europe and Asia, reinforcing Kazakhstan's position as a key digital bridge between continents.

At the heart of all our initiatives are the needs of our customers. A flagship project in 2024 was the new "Sapa+" program, aimed at significantly improving connection quality and user experience. As part of this initiative, a large-scale upgrade of customer equipment was carried out, which greatly improved the stability and speed of internet connections.

At the same time, the "Tazartu" project continued, targeting the migration of customers from outdated technologies to modern optical solutions. In 2024, we upgraded the connections of 70,000 users and plan to maintain this momentum in the coming year.

One of the most significant events of 2024 was the deal for the sale of a 100% stake in Mobile Telecom-Service LLP to the international holding Power International Holding (PIH). Attracting a reliable strategic investor opens new prospects for the development of mobile communications and strengthens competition in Kazakhstan's telecommunications market.

As part of the drive for technological independence and digital transformation, Kazakhtelecom JSC launched four in-house developed cloud services based on its internal infrastructure. These solutions enable corporate clients and government institutions to reduce IT costs and decrease reliance on foreign technologies.

All these achievements reflect not only technological progress but also our strategic commitment to the principles of sustainable development. We firmly believe that a modern telecommunications company must combine technological advancement with a responsible attitude toward people, the environment, and society as a whole.

In 2024, a significant milestone was the adoption of Kazakhtelecom JSC's ESG strategy through 2032, clearly outlining the Company's goals in the areas of environmental protection, social responsibility, and corporate governance.

We view innovation, customer service, digital accessibility, and international cooperation as integral components of long-term sustainability. All initiatives implemented are aimed at creating a reliable, inclusive, and responsible digital environment that meets the expectations of society, investors, and future generations.

Effective interaction at all levels of governance and a high level of employee engagement have become the foundation of our progress. Together, we have not only achieved the ambitious goals set for this year but also laid a solid foundation for continued sustainable growth.

I would like to express my sincere gratitude to everyone contributing to the development of Kazakhtelecom JSC and sharing our goals and values. Thanks to your support, trust, and collaboration, we are achieving our objectives and continuing to contribute to the country's digital advancement.

MESSAGE OF THE CHAIRMAN OF THE MANAGEMENT BOARD

GRI 2-22

B. MUSSIN

Chairman of the Management Board of Kazakhtelecom JSC

Dear shareholders, colleagues, customers and partners!

The 2024 was a period of comprehensive operational implementation of strategic initiatives for Kazakhtelecom JSC. The primary objectives of the Management Board were to ensure the stability of the Company's technological platform, improve service quality, and monitor the execution of large-scale projects amid increased infrastructure load.

Special focus in 2024 was placed on the practical execution of the Company's key technological initiatives. As part of a large-scale program aimed at improving customer service quality, we launched a mass upgrade of user equipment, migrated tens of thousands of subscribers to optical solutions, and expanded infrastructure in a number of cities and rural areas. Significant attention was also given to logistics reliability, the quality of technical support, and coordination between branches and the central office.

In parallel, we strengthened our focus on digital products and technological independence: throughout the year, Kazakhtelecom introduced a range of proprietary cloud solutions tailored to the needs of businesses and public organizations. Coordination was ensured for the Company's participation in the international project to build the Trans-Caspian fiber-optic communication line, while domestically, we launched the innovation and startup support ecosystem – Activation Hub. These initiatives became key elements of our operational agenda and laid the groundwork for future development.

A major priority for the Company remained the implementation of the ESG agenda. We consistently developed responsible governance practices, integrated environmental sustainability principles, and enhanced our focus on social responsibility. In 2024, Kazakhtelecom continued its programs to reduce carbon emissions, expanded gender equality initiatives, improved occupational safety, and promoted digital inclusion. We provided high-speed internet access in remote villages and carried out projects to support vulnerable population groups. Special attention was paid to climate risk management – in 2024, we conducted a comprehensive assessment and an environmental audit of our production activities. Our maturity in sustainability was recognized through an international ESG assessment by S&P Global, in which we scored 50 out of 100 points under the CSA methodology. ESG principles have become an integral part of our strategy and operational model.

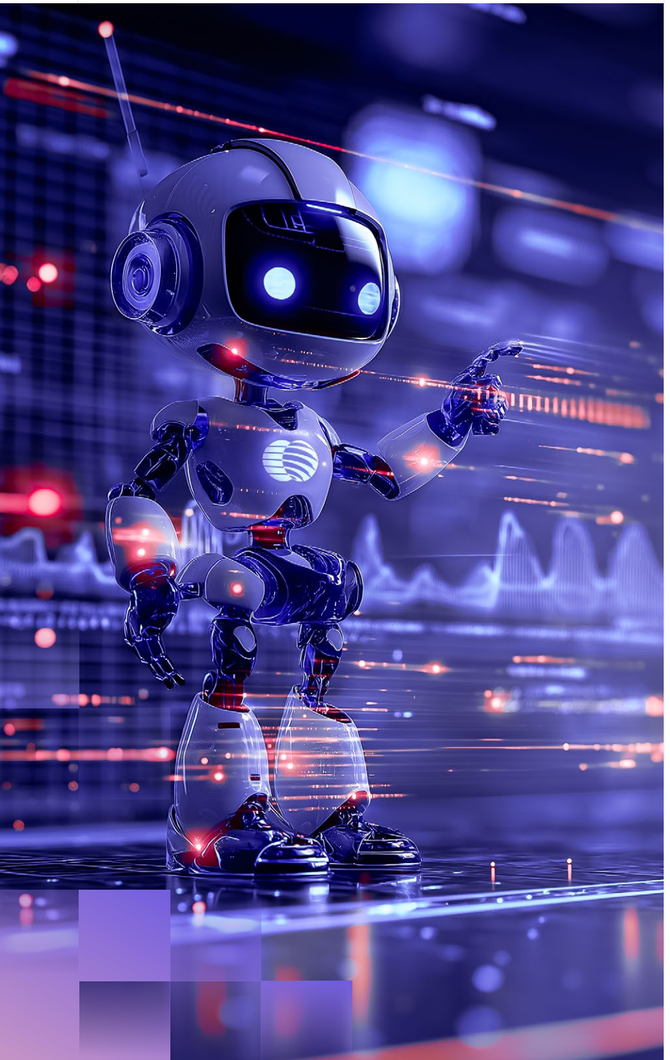
Work in 2024 was accompanied by both external challenges and internal tasks. We strengthened management oversight, optimized processes, and continued the implementation of new approaches to customer data and IT infrastructure. Internal programs were carried out to support staff development, improve qualifications, and enhance workplace safety.

Our greatest asset remains our team. It was the coordinated work of thousands of our employees that made it possible to achieve our goals. On behalf of the Management Board, I would like to thank each employee for their contribution, and extend my appreciation to our customers, shareholders, and partners for their trust and cooperation.

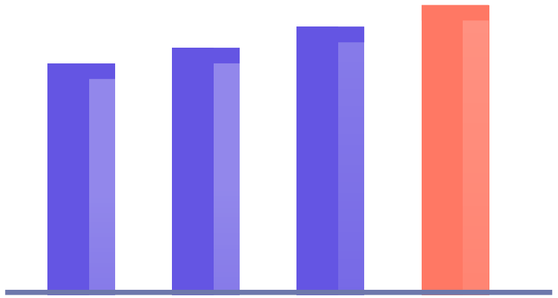
In 2025, we will continue our course toward the development of telecommunications infrastructure, digital solutions, and operational resilience, maintaining a strong focus on service quality, system reliability, and internal process efficiency.

HIGHLIGHTS

KEY INDICATORS FOR 2024

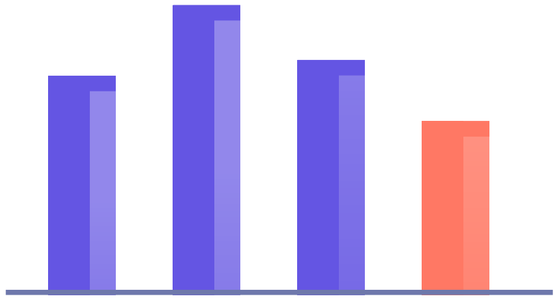


INCOME FROM SALE OF SERVICES, KZT MILLION



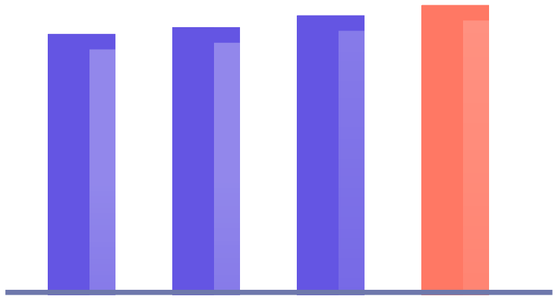
2021	2022	2023	2024
594,193	634,496	687,782	744,491

NET PROFIT, KZT MILLION



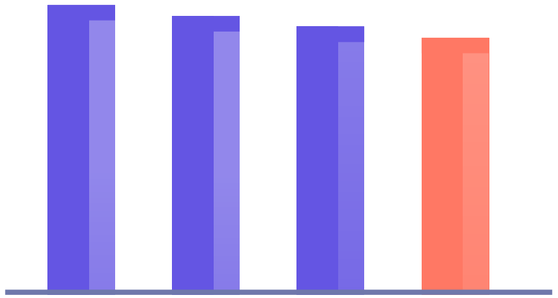
2021	2022	2023	2024
97,444	128,753	104,403	77,231

EBITDA, KZT MILLION



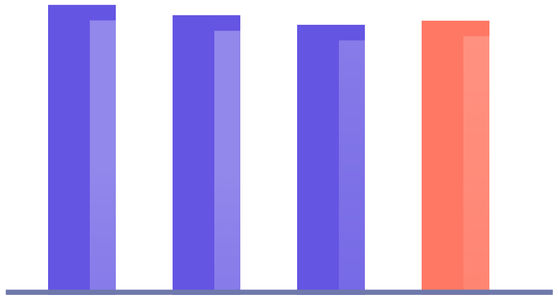
2021	2022	2023	2024
278,180	285,288	297,937	308,981

EBITDA MARGIN, %



2021	2022	2023	2024
46.82	44.96	43.32	41.50

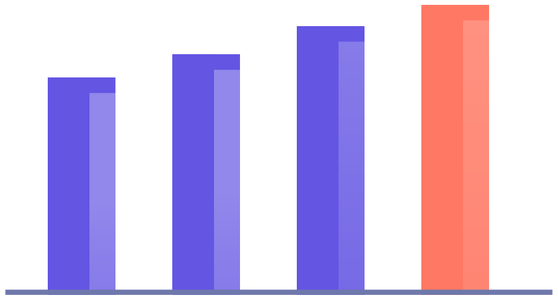
NUMBER OF EMPLOYEES[1], PERSONS



2021	2022	2023	2024
25,059	24,185	23,485	23,540

[1] Including data from subsidiaries.

INCOME PER EMPLOYEE, KZT THOUSAND

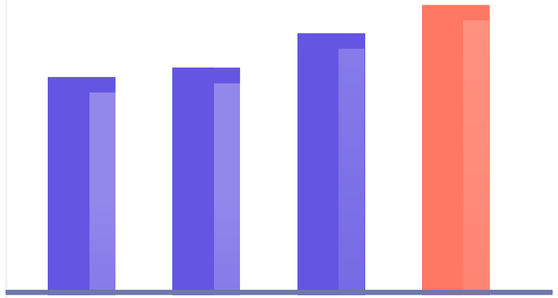


2021	2022	2023	2024
23,712	26,235	29,286	31,627

HIGHLIGHTS

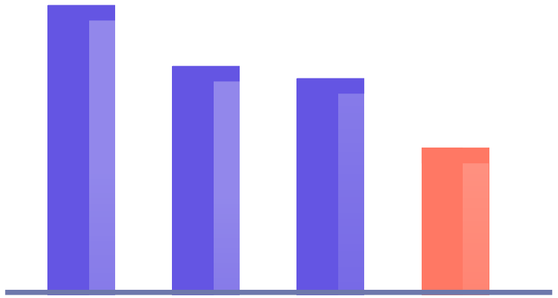
KEY INDICATORS FOR 2024

TOTAL ASSETS, KZT MILLION



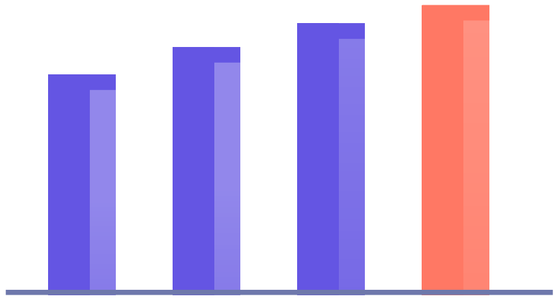
2021	2022	2023	2024
1,234,585	1,286,734	1,483,000	1,643,421

LONG-TERM LOANS, KZT MILLION



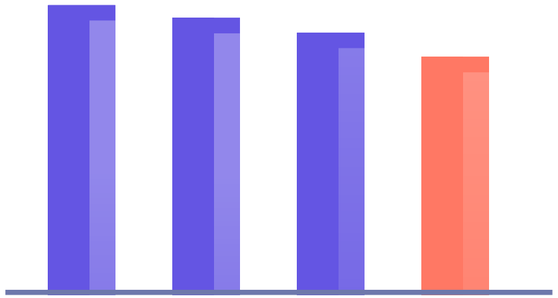
2021	2022	2023	2024
282,247	222,859	210,802	143,237

EQUITY ATTRIBUTABLE TO OWNERS OF PARENT, KZT MILLION



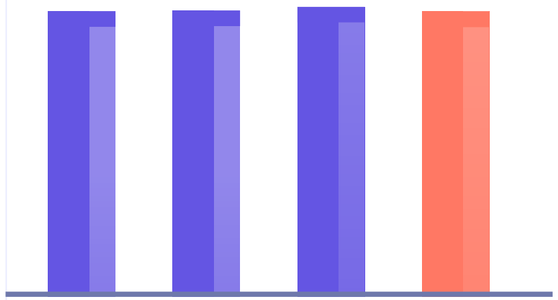
2021	2022	2023	2024
576,359	648,154	709,873	758,011

NUMBER OF FIXED LINES



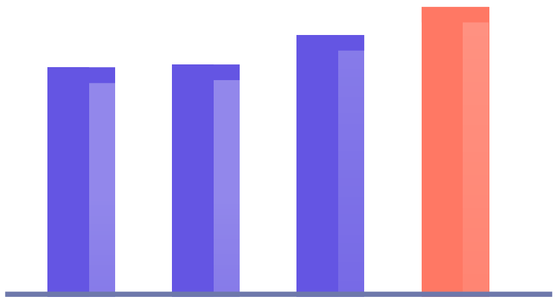
2021	2022	2023	2024
2,774,555	2,651,454	2,510,507	2,277,503

NUMBER OF FIXED BROADBAND SUBSCRIBERS



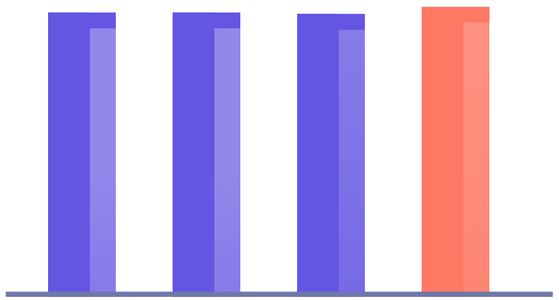
2021	2022	2023	2024
1,860,706	1,863,228	1,889,309	1,857,661

NUMBER OF PAY TV SUBSCRIBERS



2021	2022	2023	2024
918,720	930,682	1,049,217	1,162,453

NUMBER OF MOBILE SUBSCRIBERS



2021	2022	2023	2024
14,543,325	14,548,861	14,471,526	14,848,902

MILESTONES FOR 2024

JANUARY

08.01.2024

Kazakhtelecom JSC, together with Salem Social Media, plans to release 12 new TV series on its multiplatform service TV+ in 2024, with premieres scheduled for each month. In the first quarter, the platform is expected to feature a new series by local director Ayan Niyazbekov — “Marriage Fraudster”.

10.01.2024

To enhance safety and public order, the Company connected 200 educational facilities in the Almaty Region to its cloud video surveillance service. In total, over 6,000 cameras are planned to be connected across 370 schools in the region.

15.01.2024

The largest telecom operator, Kazakhtelecom JSC, and the national postal network operator, Kazpost, agreed to jointly develop and promote the “Social Wallet”.

FEBRUARY

05.02.2024

“Radiobridges” by the Company will be launched in 40 villages in the Kyzylorda, Zhambyl, and Turkestan regions.

08.02.2024

Internationally recognized organizations Global CIO and DAMA International named Kazakhtelecom JSC’s “Data Factory” project the best IT project in the telecommunications industry.

MARCH

11.03.2024

The Company congratulated the 20,000th Kasipker subscriber. The service package for entrepreneurs from the largest telecom operator is gaining popularity in Kazakhstan. Entrepreneur Gulnur Zhumabekova from Karaganda became the milestone subscriber and received a gift from the Company.

12.03.2024

The Company continues the digitalization of new residential complexes in Aktau. More than 200 residents of the “Sarayshyq” apartment complex became users of digital services via new technology, gaining access to high-speed internet, interactive TV, and modern telephony.

26.03.2024

Kazakhtelecom JSC is implementing the “Tazartu” network infrastructure modernization program, migrating users from copper to modern optical solutions. Launched in 2022, the project has already enabled more than 135,000 clients to transition to the new technology.

APRIL

03.04.2024

The Company will waive subscription fees, debts, and penalties for the entire emergency period for Kazakhstani citizens evacuated due to floods. The Company emphasizes that this support for affected subscribers will not be limited to these measures.

11.04.2024

Kazakhtelecom continues collecting humanitarian aid for those affected by the floods. Collection points for essential goods, warm clothing, inert materials, and other necessities have been opened at all branches and regional offices of the Company.

18.04.2024

The Company continues expanding the coverage area of GPON technology in cities. In particular, another residential complex in Almaty has been connected. Residents of the “Sholpan City” residential complex now have access to high-speed internet up to 500 Mbps and all the Company’s digital services

MAY

13.05.2024

The country's largest telecom operator and international leader in cloud and edge services, Gcore, agreed to jointly develop streaming and multimedia technologies and services in Kazakhstan. A corresponding memorandum was signed in Astana with the support of the national company KAZAKH INVEST.

20.05.2024

As part of the Trans-Caspian Fiber-Optic Cable Line (FOCL) project, work continues on selecting a contractor for the construction of the cable line along the seabed of the Caspian Sea. To this end, representatives of AzerTelecom and the Company took part in a seminar in Baku organized by the project consultant, Pioneer Consulting.

22.05.2024

The leading telecom operator of the country announced the successful completion of dividend payments for 2023. The dividend per one common and preferred share for 2023 amounted to KZT 2,096.6. The total amount of dividend payments reached KZT 23.1 billion.

31.05.2024

The Kazakhtelecom Group of Companies disclosed its financial statements for Q1. Despite large-scale investments in infrastructure development, 5G network deployment, and social support, the Company demonstrated a 6% revenue growth and maintained a solid margin level.

JUNE

04.06.2024

Kazakhtelecom has developed a new digital tool for business development – Ismet Partner. This is a platform where entrepreneurs in Kazakhstan can find everything necessary for successfully implementing business ideas, from finding reliable partners to effectively promoting products and services.

14.06.2024

Kazakhtelecom took part in the international "Europe 2024 GCCM" conference and the "CC-Global Awards 2024" ceremony in Berlin, where it was awarded in the category "Regional Telecommunications Operator in the CIS 2024".

21.06.2024

Kazakhtelecom is completing the implementation of the project to connect educational institutions in the Almaty Region to a cloud video surveillance system. Thanks to video surveillance, more than 360 schools in the region can now ensure safety and detect various violations.

JULY

03.07.2024

In celebration of its 30th anniversary, the largest telecom operator, Kazakhtelecom, is offering all corporate subscribers (B2B, B2G, B2O, OFD) free access to the Ismet Docs electronic document management system. From July 1 to September 30, users can generate and sign documents in electronic format without volume or quantity restrictions via the Docs. Ismet.kz portal.

03.07.2024

Kazakhtelecom continues expanding the reach of GPON technology across the country. In Aktobe Region, the Company connected another village – Martuk – to the fiber-optic network. Since the beginning of the year, this is the third settlement where residents have become users of all modern telecommunications services and digital solutions based on Gigabit-capable Passive Optical Networks.

AUGUST

02.08.2024

The Company connected two new apartment complexes – "Altyn Uya" and "Oazis" – in Ust-Kamenogorsk to its fiber-optic network. As a result, more than 160 families will be able to access high-speed internet and digital services immediately after moving in.

08.08.2024

By the end of the year, Kazakhtelecom plans to connect over 100 apartment buildings in 4 cities – Ust-Kamenogorsk, Semey, Pavlodar, and Ekibastuz – to fiber, with a total coverage of more than 10,000 apartments. As of today, 69,000 residents in East Kazakhstan region have internet access, 66% of them via fiber-optic technology.

15.08.2024

Kazakhtelecom JSC and the Center for International Programs JSC are establishing cooperation.
The memorandum was signed today by the heads of both companies – Bagdat Mussin and Aliya Ospanova. The goal of the memorandum is to deepen collaboration in training and retraining highly qualified specialists abroad for the rapidly developing sectors of communications, telecommunications, and information technologies.

28.08.2024

The telecom operator built fiber-optic connections to rural schools in a record two months as part of its strategy to provide high-speed internet to educational institutions in remote regions of the country. Kazakhtelecom plans to lay more than 500 km of fiber-optic cable and connect over 900 rural schools to its optical backbone network.

SEPTEMBER

02.09.2024

Kazakhtelecom connected 66 buildings in Aktau to high-speed internet via GPON. Over the year, the Company connected around 3,000 subscribers in 66 apartment buildings in Aktau to the most advanced GPON technology. Kazakhtelecom's optical channels have become part of the infrastructure in several modern residential complexes, such as "Anar" and "Altyn".

04.09.2024

Kazakhtelecom continues building fiber-optic networks in private housing sectors. 140 homes in the "Severny" microdistrict of Kostanay region have become users of telecom services via GPON. Previously, the Company had connected 640 cottages and 11 apartment buildings to high-speed internet, while the rest of the microdistrict continued using ADSL until recently.

16.09.2024

Kazakhtelecom is launching a large-scale "Sapa+" project to radically improve internet quality for Kazakhstanis. The plan includes replacing outdated routers with new high-speed models for 300,000 subscribers.

25.09.2024

Kazakhtelecom and Azertelecom are beginning the actual implementation of the project for designing and constructing a fiber-optic cable line along the bottom of the Caspian Sea. An official contract with the contractor has been signed.

27.09.2024

Kazakhtelecom, in partnership with Smart Cities LLP, launched four Kazakhstan-developed cloud services based on its own infrastructure. These solutions are intended to help local companies and government institutions manage data more easily, reduce costs, and lessen reliance on foreign providers. The first 10 companies will receive free access to the services for 3 months.

OCTOBER

08.10.2024

Kazakhtelecom is actively participating in the national "Comfortable School" project aimed at modernizing the country's educational infrastructure. The Company is providing schools with high-speed internet via fiber-optic lines. This will create a comfortable learning environment, improve education quality, and prepare students for the demands of the digital economy.

14.10.2024

Kazakhtelecom launched a new, 16th F-Root server in Central Asia. Managed by the Internet Systems Consortium (ISC), it is the third on the Company's network and the ninth in Kazakhstan. The new server significantly enhances DNS reliability, reduces latency, and improves network security for millions of users in the region.

18.10.2024

An innovation center — Activation Hub — has opened in Almaty as a meeting place for venture investors, startups, and industry leaders. The center will serve as a key platform for the Company's corporate innovation program, fostering partnerships with startups and entrepreneurs and expanding its digital ecosystem.

21.10.2024

The Company has switched to a single short number — 160 — for all customer inquiries. Previously, separate numbers were used for tech support, help desk, and balance-related questions.

NOVEMBER

19.11.2024

Kazakhtelecom continues improving service quality and installing new routers for customers. Within two months, nearly 65,000 routers were replaced under the "Sapa+" project, and 235,000 more are planned to be installed by the end of the year.

20.11.2024

Kazakhtelecom intends to increase internet access speed to 50 Mbps for 891 schools. The Company is actively working on this project.

21.11.2024

Kazakhtelecom completed the shutdown of the last copper network service station in Stepnogorsk, fully discontinuing the use of ADSL technology in the city.

25.11.2024

The Company began testing AI-controlled drones with voice command functionality. Testing is taking place in Almaty, Abai Region, and Pavlodar as part of the smart city concept.

DECEMBER

11.12.2024

Kazakhtelecom is connecting residential complexes developed by BI Group to high-speed internet. The project covers more than 150 buildings in the capital and over 9,000 families in the coming year.

19.12.2024

Kazakhtelecom continues constructing fiber-optic lines for 5G base stations across various regional centers in Kazakhstan. Under the Mobile Backhaul project, the Company is laying fiber in 12 cities: Konaev, Taldykorgan, Taraz, Ust-Kamenogorsk, Pavlodar, Kostanay, Petropavlovsk, Kokshetau, Karaganda, Turkistan, Aktau, and Atyrau.

23.12.2024

Auyl Telecom is connecting subscribers in remote villages using wireless technologies. Over 70 households are already connected in the village of Karatal, Aktobe Region.

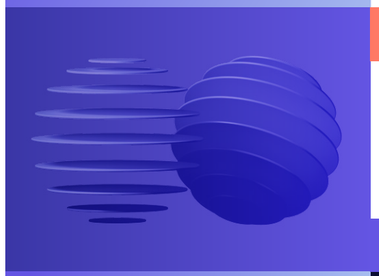
27.12.2024

More than 200 educational institutions in Atyrau Region have been connected to a video surveillance system. Cameras are integrated with the Department of Education and the Police Operational Management Center to enhance school safety.

GROWTH HISTORY OF KAZAKHTELECOM JSC GROUP OF COMPANIES

1994

- Foundation of Kazakhtelecom JSC.



1995

- Construction of the National Sector of the International Trans-Asian-European Fiber Optic Line (TAE FOCL), 52 km from Almaty.

1996

- Launch of TLX.25 Turbo telex station in Almaty.

1997

- Listing of the Company on the Kazakhstan Stock Exchange.

1998

- Launch of a satellite communications system to provide telephone services in remote population centres.

1999

- Creation of a unified National Data Transmission Network with the Kazakhstan Online trademark.
- Operation of the first International Switching Centre (ISC) in Almaty.

2000

- Implementation of ATM technology.

2001

- Establishment of the Internet Data Center (IDC) enterprise providing IT services.

2002

- Launch of the National Intelligent Network.
- Commissioning of the fiber-optic line segment “Russia–Kazakhstan”.

2003

- Kazakhtelecom received the prestigious international “International Gold Medal Award” for quality and management efficiency.
- Completion of the transition to digital telephone exchanges in the capital of Kazakhstan.

2004

- Re-registration of the company from an Open Joint-Stock Company (OJSC) to a Joint-Stock Company (JSC).

2005

- Construction of a new data transmission network based on DPT technology and launch of broadband internet services “Megaline” based on ADSL technology.

2006

- Separation of ICT into a distinct division (Information Systems Directorate).

2007

- Kazakhtelecom achieved 100% coverage of fixed-line communication services across Kazakhstan.

2008

- Implementation of the Quality Management System (QMS) project and commissioning of the Balanced Scorecard Information System.

2009

- Launch of IPTV services under the ID TV brand.
- Introduction of telephone network access services based on IP protocol (SIP platform).

2010

- Opening of the “Academy of Infocommunication Technologies” Directorate.
- Completion of the project “Transition of Kazakhtelecom JSC’s telecommunications networks to Next Generation Network (NGN) technologies”.

2011

- Transition to 10Gbps technologies.
- Launch of a strategic project for the construction of a universal fiber-to-the-home (FTTH) access network).

2012

- Sale of 49% of Kcell shares to TeliaSonera.
- Presentation of the largest Data Center (DC) in the CIS, developed in partnership with Hewlett-Packard.
- Launch of the LTE network in Almaty and Astana.
- Launch of the first local traffic servers from Google in Astana.

2013

- The Company was recognized as the leader in corporate governance among subsidiaries of the Fund in 2013, based on the results of an independent corporate governance assessment conducted in five subsidiaries of Samruk-Kazyna JSC.

2014

- Launch of LTE networks in all regional centers of Kazakhstan (via the subsidiary Altel).
- Launch of a new generation core coherent network with support for 100 Gbps DWDM next-generation lambdas.

2015

- Kazakhtelecom digitized fixed voice communication networks.
- Transition to 100Gbps technology.

2016

- Creation of a joint venture Altel/Tele2 in the mobile communications market.
- Implementation of the Dream project to establish a transit route between Europe and Southeast Asia in collaboration with China Mobile.

2017

- Establishment of a Unified Network Management Center.
- Launch of the unified Cloud Video Surveillance system.

2018

- Acquisition of a 75% stake in Kcell.
- Approval and launch of the FOCL construction project in 1,249 rural settlements under a public-private partnership (PPP) model.

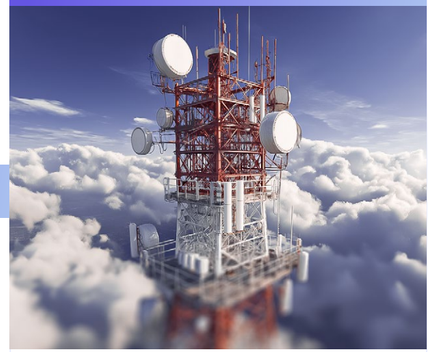
2019

- Implementation of the Smart Aqkol project.
- 5G testing in the cities of Nur-Sultan and Almaty.
- Acquisition of a 49% stake in the joint venture from Tele2 AB.
- Kazakhtelecom JSC won the “Deal of the Year” award at the annual international TMT M&A Awards 2019.
- Launch of the IoT network.

2020

- Completion of a large-scale infrastructure project for the construction of fiber-optic communication lines in 828 rural settlements (FOCL RSP project).
- Completion of the project to provide high-speed mobile internet and communication to 928 rural settlements with a population of over 250 people.
- Launch of the tobacco product labeling service.
- Launch of the new Telco Cloud network architecture with virtualization of the network infrastructure.

2021

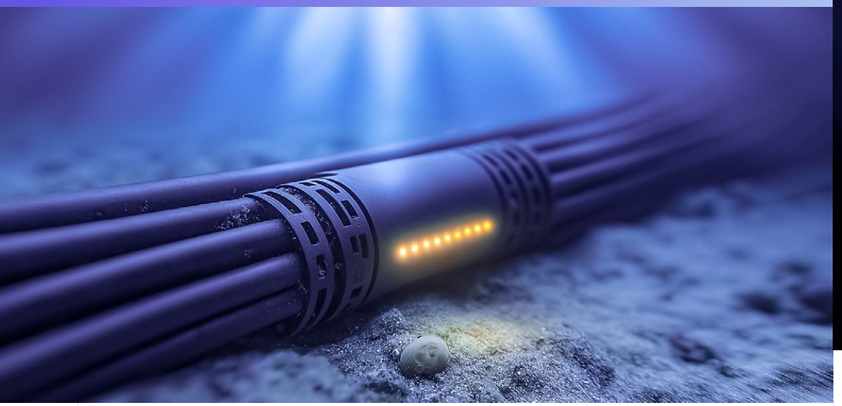


- Launch of a project to provide telecommunications services to residents of private residential areas in cities and nearby villages using Fixed Wireless Access technology.
- Kazakhtelecom JSC launched its own multiplatform TV service – TV+.
- Launch of a project to establish eQoldau public access points network in rural areas.
- Kazakhstan rose in the Ookla Speedtest Global Index mobile internet speed ranking due to the expansion of mobile operators’ connections to Kazakhtelecom JSC’s network.
- Kazakhtelecom JSC launched a next-generation service – eSIM.
- The number of users of the Ismet.kz business marketplace from Kazakhtelecom JSC increased sevenfold – reaching 60,000.

2022

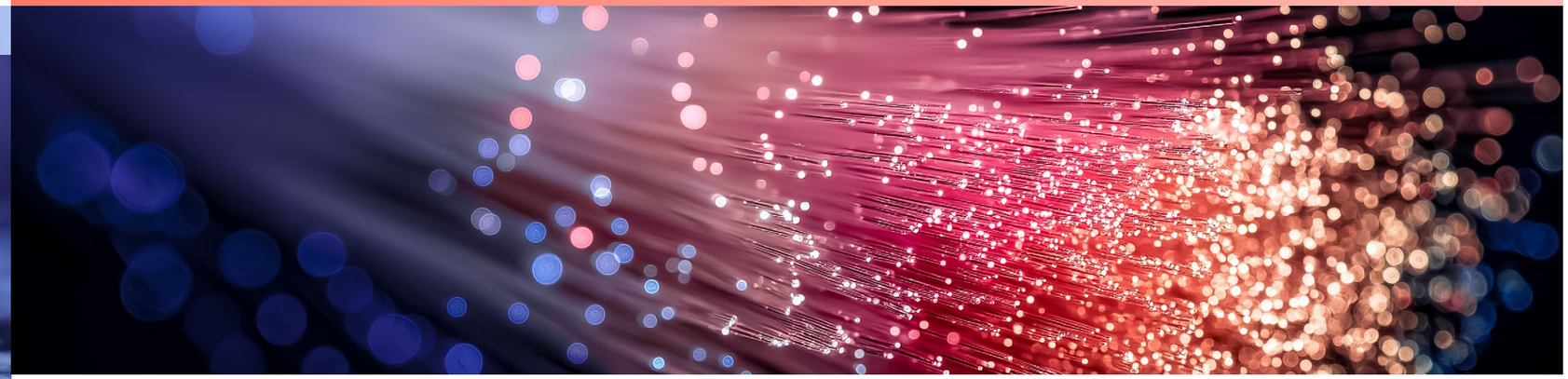
- Implementation of the project to migrate customers from outdated copper technologies (ADSL) to fiber.
- Implementation of the project to provide telecom services to city residents using the most advanced GPON technology.
- Kurchatov became the first monotown in Kazakhstan to be fully transitioned to optical networks by Kazakhtelecom JSC.
- At an exhibition in Astana, Kazakhtelecom JSC presented the Open RAN technology.
- Kazakhtelecom JSC deployed a K-root DNS server mirror on its network.
- Kazakhtelecom JSC opened its own Corporate University to develop digital talents.

2023



- Launch of a large-scale, nationally significant project to deploy 5G in Kazakhstan.
- Active phase of the international project to build a fiber-optic communication line under the Caspian Sea in cooperation with AzerTelecom along the "Kazakhstan–Azerbaijan" route.
- Kazakhtelecom JSC and Microsoft completed a project to establish direct peering between their systems in Frankfurt to improve access to Microsoft services for Kazakhstani customers.
- Expansion of peering connectivity with the Amazon Web Services autonomous system in Hong Kong.
- Commissioning of 84 additional rack spaces in the modular data center in Almaty.
- The World Intellectual Property Organization and international business school INSEAD recognized Kazakhtelecom as a leader in global brand value in their Global Innovation Index;
- Local PUBG MOBILE servers were launched on Kazakhtelecom JSC's infrastructure.

2024



- Internationally recognized organizations Global CIO and DAMA International named Kazakhtelecom JSC's "Data Factory" project the best IT project in the telecommunications industry.
- Kazakhtelecom JSC allocated KZT 1 billion to assist Kazakhstanis affected by floods in the Aktobe, Kostanay, West Kazakhstan, Ulytau, Akmola, Karaganda, Atyrau, Pavlodar, and North Kazakhstan regions.
- Kazakhtelecom JSC launched a large-scale project aimed at drastically improving internet quality for Kazakhstanis – "Sapa+", under which around 300,000 new and modern routers were installed at customers' premises nationwide.
- As part of the "Tazartu" project, Kazakhtelecom JSC migrated more than 70,000 customers across the country from outdated ADSL copper technologies to modern GPON fiber optics.
- Kazakhtelecom JSC opened a new space for synergy, creativity, startups, and meetings with venture investors – the innovation center Activation Hub.
- Kazakhtelecom JSC launched a series of tests for piloting a quadcopter using so-called LAM models, including voice command controls.
- Kazakhtelecom JSC's newly established subsidiary, Auyl Telecom, is building wireless infrastructure in rural areas of the country.
- Kazakhtelecom JSC connected more than 200 schools in Atyrau Region to a video surveillance system.
- As part of the Mobile Backhaul project, Kazakhtelecom JSC is laying fiber-optic lines in 12 cities across the country for 5G base stations and completed 2024 by fulfilling its license obligations under the mega-project for 5G deployment in Kazakhstan.
- The interactive TV service "TV+" by Kazakhtelecom JSC surpassed 800,000 users by the end of the year.
- The Speedtest Global Index published its rankings of countries with the fastest internet, placing Kazakhstan 57th in mobile internet speed (average download speed: 53.76 Mbps) and 88th in fixed broadband speed (average download speed: 73.67 Mbps).
- Kazakhtelecom completed the establishment of PoP (Point of Presence) nodes in Frankfurt and Hong Kong, organizing peering with major companies including Google, Meta, Amazon, Apple, Netflix, Valve, Microsoft, Telegram, Tencent, Twitch, and others.
- The construction of a perimeter protection system against DDoS attacks, NG Firewall, and VAW was completed.

ABOUT THE COMPANY

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Structure of the Kazakhtelecom JSC Group of Companies 18
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BRIEF PROFILE OF THE COMPANY

GRI 2-1

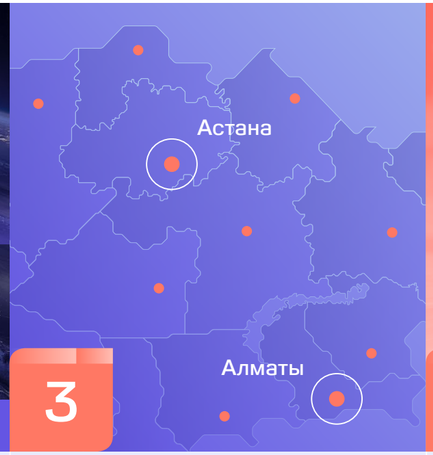
KEY FACTS ABOUT KAZAKHTELECOM JSC'S ACTIVITY:

1

Kazakhtelecom JSC is the largest telecommunications company in Kazakhstan.

2

Kazakhtelecom JSC was founded on the basis of Resolution No. 666 of the Cabinet of Ministers of the Republic of Kazakhstan of 17 June 1994.



3

The main offices are located in Astana and Almaty, and regional offices are located in all parts of Kazakhstan.

4

Since the middle of 2000, Kazakhtelecom JSC has consistently held high positions in the rating of the most profitable enterprises in the country with annual turnover of dozens of billion KZT.

5

Kazaktelecom JSC owns the National Information Superhipment, which is an optical-fiber ring connecting large cities in Kazakhstan with high data rate digital flows.

6

The Company's operations cover the entire territory of the Republic of Kazakhstan.

LINE OF BUSINESS

GRI 2-6

Joint Stock Company "Kazakhtelecom" (the Company, Kazakhtelecom JSC, "Kazakhtelecom") is the largest fixed-line operator in Kazakhstan, a recognized leader in providing communication services, including rural communications, and one of the largest operators of the National Data Transmission Network.

Kazakhtelecom JSC is a national company established in accordance with Resolution No. 666 of the Cabinet of Ministers of the Republic of Kazakhstan dated June 17, 1994 "On the establishment of the national joint stock company Kazakhtelecom by transferring the assets of state enterprises, joint-stock companies, and telecommunications organizations to the charter capital of the newly established joint stock company of national significance, providing a wide range of communication services throughout the Republic."

The Company is the legal successor of the National Joint Stock Company "Kazakhtelecom" (initial state registration by the justice authorities of the Republic of Kazakhstan was carried out on December 1, 1994).

Kazakhtelecom is a commercial organization that issues shares to raise funds for its operations, with its main goal being profit generation in the interest of its shareholders.

The Company's activities are carried out in accordance with its approved Charter, which defines the legal foundations of its organization and operations.

The main objectives of Kazakhtelecom JSC are:

- generating profit from commercial activities and using it in the interests of shareholders;
- creating modern telecommunications networks across the Republic of Kazakhstan and integrating them into the global telecommunications network;
- providing all types of telecommunications services to users in the Republic of Kazakhstan and abroad.

Kazakhtelecom JSC operates as a telecommunications operator of the Republic of Kazakhstan for the establishment, installation, operation, and technical maintenance of public telecommunications networks and private telecommunications systems. It functions as a public telecommunications network operator, including long-distance and international communications, with the right to settle accounts with communication administrations of other countries, companies, users, and international organizations in accordance with the regulations of the International Telecommunication Union and the legislation of the Republic of Kazakhstan.

The Company places great emphasis on developing transit potential and increasing telecommunications transit traffic through Kazakhstan, as it possesses a network of backbone fiber-optic communication lines connecting all border points, ensuring connectivity with China, Russia, Europe, and the Central Asian republics.

The Company's infrastructure comprises more than 91,000 kilometers of fiber-optic lines throughout the republic, 23 data centers, and over 14,000 base stations (including those of MT-S LLP as of 31.12.2024). The 4G/LTE network is deployed in all major cities of Kazakhstan, and in 2024, 1,823 5G base stations were launched across the country.

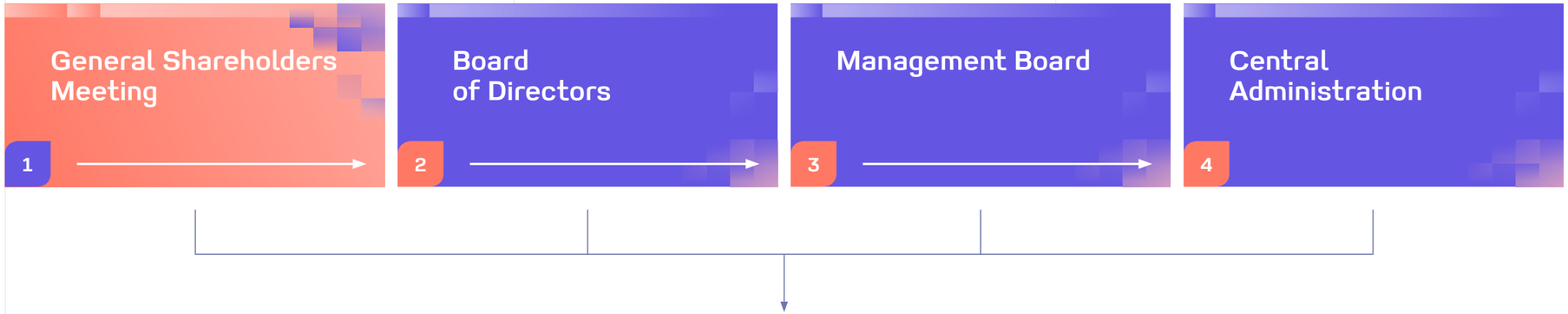
>14,000
base stations

4G/LTE
network
is deployed in all major cities of Kazakhstan

1,823
5G base stations
were launched in Kazakhstan in 2024

ORGANISATIONAL STRUCTURE OF KAZAKHTELECOM JSC

GRI 2-9, GRI 2-24



Branches

1. Corporate Business Division
2. Division Network
3. Service factory
4. Project Management Directorate
5. Industrial Safety Directorate
6. Retail Business Division
7. Information Technology Division
8. “Telecom Komplekt” Directorate
9. Corporate University

SUBSIDIARIES AND OTHER AFFILIATED COMPANIES (AS OF 31.12.2024)

Company	Shareholding
Mobile Telecom-Services LLP	100%
Auyl Telecom LLP	100%
Centre for Digital Economy Development LLP	100%
KT-Ayix LLC (Russian Federation)	100%
Nursat+ LLP	100%
KT Telecom LLP	100%
Kcell JSC	51%
CASPINET B.V.	50%

STRUCTURE OF THE KAZAKHTELECOM JSC GROUP OF COMPANIES

GRI 2-6

Subsidiaries play an important role in the establishment of Kazakhtelecom JSC as an integrated service provider B2C on the information communications market through:

- strengthening the position of Kazakhtelecom JSC Group in the mobile segment of the telecommunications market and contributing to the development of traditional telecommunications services;
- launching new products complementing the main line of Kazakhtelecom JSC's services;
- developing new directions, such as e-commerce (Kazakhtelecom Store);
- ensuring digitalisation and work with big data.

MOBILE COMMUNICATION

MOBILE TELECOM-SERVICE LLP (100%)

TELE2 5G | ALTEL 5G

The company provides a wide range of mobile communication services in 2G/3G/4G (LTE/LTE Advanced) standards under the Tele2 and Altel brands.

The service portfolio includes mobile voice communication, SMS, and value-added services (VAS) such as multimedia messaging, mobile content, and data transmission, including internet access.

In December 2022, Kcell JSC and Mobile Telecom-Service LLP, as part of a consortium of operators, won the radio frequency spectrum auction and obtained the right to deploy a fifth-generation (5G) mobile network in the Republic of Kazakhstan. In 2024, the operators launched 1,823 5G base stations across the country.

KCELL JSC (51%)

Kcell 5G | activ 5G

Over the past 20 years, Kcell JSC has built one of the most modern, technologically advanced, and extensive mobile networks in Kazakhstan. The company offers mobile voice communication, SMS, value-added services (VAS) such as multimedia messaging, mobile content access, and data transmission services, including internet access.

The Kcell and Activ brands have earned a strong reputation in the highly competitive B2B and B2C telecommunications markets due to their high service quality and customer value. Kcell JSC holds an indefinite license to operate in 2G, 3G, and 4G/LTE networks.

TECHNICAL RESOURCES

AUYL TELECOM LLP (100%)

The company performs technical work related to the installation and configuration of communication equipment.

It provides services for the design and construction of communication facilities, including base stations and digital radio relay lines (DRRL); as well as installation and dismantling of base stations, radio relay, and satellite equipment.

KT IX LLC (100%)

The company functions as the technical hub of Kazakhtelecom JSC in the Russian Federation and provides the following services:

- connection and maintenance of operators and corporate clients for IPLC and IP VPN channel leasing based on MMTS No. 9;
- internet traffic peering (Google, VK, Mail.ru, HD/UHD/4K content) on Kazakhtelecom JSC's network;
- provision of high-quality Telepresence video conferencing services.

CASPINET B.V. (50%)

CASPINET B.V. is a company focused on establishing an alternative route for Kazakhtelecom JSC's access to the global internet.

NEW BUSINESSES

- NURSAT+ LLP (100%) is a subsidiary of Kazakhtelecom JSC developing new lines of business in the area of e-commerce.
- KT-Telecom LLP (100%).
- Digital Economy Development Centre LLP (100%).

BUSINESS MODEL

RESOURCES

Employees

>18 thousand
total number of employees

14%
share of women in the Management Board

Finance

215 KZT billion
Cash CAPEX in 2024 (*consolidated data)

Infrastructure

>91 thousand km
of fibre-optic network coverage

23
data processing centres

>14,000
base stations
(including MT-S LLP as of 31.12.2024)

LEADERSHIP IN THE TELECOMMUNICATIONS MARKET

B2B and B2G

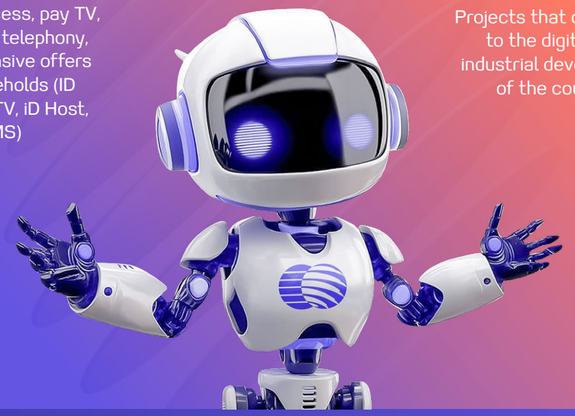
B2C

B2O

BROADBAND, IP VPN, Mobile office, ismet.kz business platform, fiscal data service (FDO), video surveillance

Internet access, pay TV, traditional telephony, comprehensive offers for households (ID Phone, iD-TV, iD Host, FMS)

Projects that contribute to the digital and industrial development of the country



Data centres and cloud services

- digital platform for business ismet.kz;
- cloud videoconferencing;
- video surveillance;
- digital medical card;
- infrastructure for blockchain products.

Information security

- protection against DDoS-attacks Service;
- virtual Firewall.

Public safety

- alarm button.

Innovations

- 5G network deployment.

Digital and industrial development of the country

- construction of FOCL along the Caspian Sea bed;
- super Highway Initiative.

Additional services

- video surveillance;
- smart city;
- smart housing and utilities;
- smart lighting, etc.

CREATED VALUE FOR STAKEHOLDERS

Shareholders

2,096.6 KZT
Dividends paid per share in 2024, declared based on the results of 2023

Customers

97%
Agent Performance (AP) score in 2024

80%
Transactional Net Promoter Score (tNPS) – customer loyalty index in 2024

Employees

135.3 KZT billion
Kazakhtelecom JSC's expenses on wages in 2024

686.073 KZT million
Kazakhtelecom JSC's investment in employee training and development in 2024

Government and Society

185.7 KZT billion
Tax payments in 2024 (*consolidated data)

~600 thousand
business entities are served by Kazakhtelecom as a fiscal data operator (FDO)

1,823
5G base stations Deployed and connected across all regional centers in 2024

Connectivity and Internet access provided to:

>5 thousand schools **~4 thousand hospitals**

>15 thousand institutions

STRATEGIC REPORT

2

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JRun Transformation Programme 25
Values 29
Reverview of regulatory environment 30
Overview of the 2024 telecommunications market 33

BUSINESS STRATEGY

At the end of 2022, Kazakhtelecom adopted a new JRun development strategy for 2023-2032.

The key goal of JRun strategy is to lead the Kazakhstan market by improving customer experience.

Strategic directions of the Company's development are named in simple and clear words in the Kazakh language that inspire confidence among the Company's customers, employees and stakeholders.

JRUN STRATEGY

MISSION

Become an irreplaceable and usual part of everyone's life, changing, surprising and exceeding expectations.

VISION

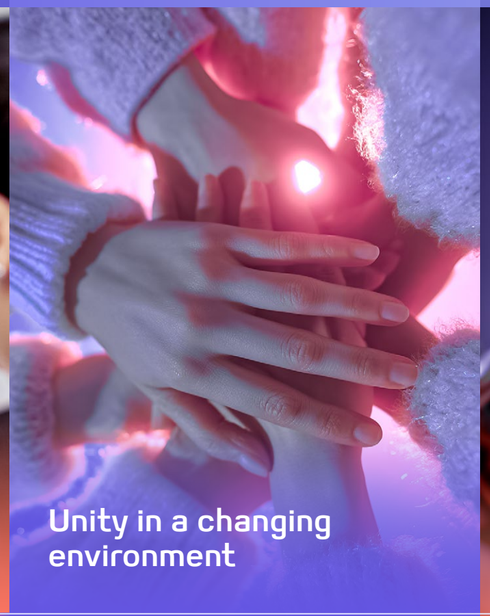
A leading Kazakhstan integrated service provider in the information communication market.

JAQIN

Obsession with the client

Leading the telecom market by improving the customer experience

BI**R**LIK



Unity in a changing environment

Success through improved employee experience

ALA**U**

Continuous renewal

The engine of economic growth and competitive innovation

ORKE**N**

Sustainable growth

First-class business management and better infrastructure

STRATEGIC GOALS FOR 2022–2027

JAQIN

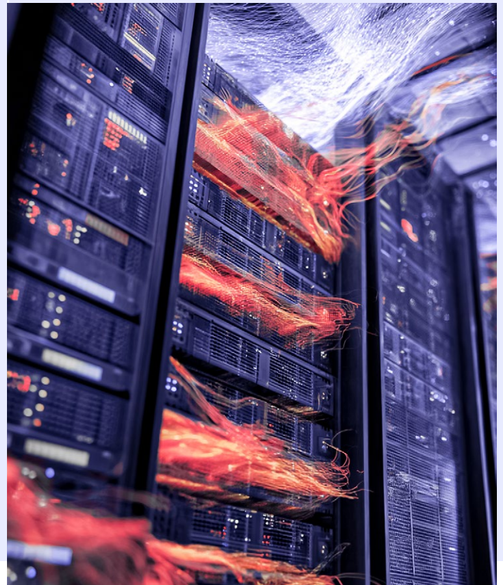
Obsession with the client

- Leadership in quality of the last mile in the B2C market cities from 200 Mbps rural communities from 20 Mbps
- Become No.1 Operator by customer experience in the B2C segment Best NPS among fixed operators
- Protecting the leading position on the B2C broadband and TV market 72–74% broadband access TV 45–50%
- Strengthening the leading position in terms of revenues on the B2X market 50–52% B2X market
- Become No.1 Operator in terms of customer experience in the B2B segment Best NPS among fixed operators
- Solid growth in the ICT segment and selected new business lines +14% in revenues

BIRLIK

Unity in a changing environment

- Social stability index in the favorable zone
- SRS (Happy Index) 75%
- eNPS 70%
- engagement 85%
- Loyalty 65%
- EJM (Employee satisfaction at each stage of life cycle) in % (measurement required)
- IR (high standards in industrial relations)



ALAU

Continuous renewal

- Data management as an asset
- Sales and churn management
- External data monetization
- Optimization of internal processes
- FCF from Big Data by 2027 – KZT 6.5 billion
- Enhancing operational efficiency through AI
- Improving customer service quality and increasing customer loyalty
- Increasing marketing campaign effectiveness and reducing advertising costs
- Automation of internal processes and improvement of labor productivity
- Migration of network and IT infrastructure to the cloud environment
- Reducing the share of equipment operating for over 10 years to 15% by 2024
- 99.9% – availability of IT platforms and digital sales channels
- Transition to microservice architecture
- Development of Telco Cloud infrastructure based on SDN/NFV platform
- Digital transformation of the business
- Reducing time-to-market by 2 times
- Lowering scaling costs
- Provision of digital and cloud services (IaaS/PaaS)
- Entering new markets

ORKEN

Sustainable growth

- Creating conditions for the transition to a Gigabit Society Achieving 18 core nodes* on 100G interfaces
- Meeting customer expectations for access speed ≈500 thousand clients (households)
- Operational efficiency at the level of industry leaders ≈KZT 8 billion – impact on EBITDA for 2023–2032
- Establishment of a Tower Operator
- Implementation of the ODN project, management of Kazakhtelecom's tower infrastructure (AMS), synergy with projects 50+ and BSIP
- Automation of the supply chain and digitalization of SSC processes Minimization of routine operations
- Achievement of ESG rating targets
- Reduction of net carbon footprint by 13% by 2032
- Rating: BBB (2024), A (2027)

SUMMARY REPORT ON THE RESULTS OF THE STRATEGY IMPLEMENTATION IN 2024

Direction	Goals of the Strategy	Result 2024
Protecting the leading position on the B2C broadband and TV market	72%–74% broadband access	71% broadband access
	45–50% TV	50% TV
Strengthening the leading position in terms of revenues on the B2X market	50–52% of B2X market	44% of B2X market
Become No.1 Operator by customer experience in the B2C segment	№1 in segment	17% (2nd position)
Become No.1 Operator by customer experience in the B2X segment	Best NPS	15% (3rd position)

JRUN TRANSFORMATION PROGRAMME

The transformation at Kazakhtelecom JSC is aimed at improving customer journeys, enhancing the quality of customer interactions, and optimizing processes, all in alignment with the Company's strategic objectives.

To ensure effective management and control over the implementation of strategic initiatives under the JRun Strategy, an annual Strategy Roadmap is developed, incorporating all initiatives, projects, and milestones.

The Company continues to foster a culture of change, while communication is being accelerated and simplified through the formation of cross-functional teams and the organization of regular meetings where blockers hindering progress toward key focus areas are openly discussed and actively addressed. As a result of process optimization and digitalization, service connection times and problem resolution have significantly improved.

77% of customer inquiries (more than 14.7 million cases) were resolved via the mobile application using self-service tools, without operator involvement.

Nearly 834,000 users are registered in the app.

The number of registered users increased by 43% compared to the previous year.

RESULTS OF THE JRUN ROADMAP IMPLEMENTATION IN 2024

The JRun Roadmap is a set of strategic business initiatives that ensure the project-based execution of the Company's corporate strategy.

JAQYN "OBSESSION WITH THE CLIENT"

Improving service quality (including accelerated network deployment), development of digital customer journeys, omnichannel presence, and personalization

A three-year comprehensive project "FTTH Network Deployment" has been approved, including initiatives such as "New Area Capture," "FOCL Construction," "Utilization of Free Ports in the Urban Residential Segment," and others.

>54 optical ports

have been built across Kazakhstan under the "New Area Capture" initiative

In partnership with Nursat+ LLP, a VAS subscription project was launched for the "Kazakhtelecom Family" program for B2C on the shop.telecom.kz platform.

10 exclusive TV series

were launched on the TV+ platform

58,000 endpoints were migrated from ID TV to TV+, with 816,000 endpoints registered as of 01.01.2025

2*100 Gbps

transit channels were organized along the China–Netherlands–France route

44 racks

were secure zone launched at the Akkol data center

Digitalization of the "Re-registration" and "Relocation" processes in the Telecom.kz mobile app

Launch of the internet service application feature via eGov Mobile

+251 thousand ▲ 43%

user growth on telecom.kz

+34 thousand ▲ 25%

user growth on ismet.kz

+202 thousand ▲ 251%

MAU growth of the telecom.kz app

+637 KZT million ▲ 65%

growth of digital sales in the app

BIRLIK “UNITY IN A CHANGING ENVIRONMENT”

Working in customer-centric cross-functional teams and EVP (Employer Value Proposition), implementation of a new operational model for the ecosystem

Development of staffing standardization models and expenditure analysis through Big Data

349 IR screenings

conducted and improvement plans for SRS developed

Non-material incentive measures updated and psychological support expanded

Training sessions on artificial intelligence (AI) conducted to enhance employees’ professional competencies

11 online courses

developed as part of digital technology integration into educational processes

A digital marathon focused on digital transformation and technologies was held: 325 participants took part, and 3,109 employees completed training on “Information Security”

ALAU “CONTINUOUS RENEWAL”

Continuous renewal, IT modernization, development of high-demand high-frequency services, launch of new horizontal digital platforms (AI, cloud, etc.)

Transformation of the Telecom.kz app into a Super App (in cooperation with BTS Digital)

6 microservices

launched as part of the transition from monolithic systems to microservices

Testing of cloud solutions in the TelcoCloud environment:

- invGUARD AS-SW (traffic monitoring);
- VOLTHA GPON (in Konaev city);
- Migration of telecom.kz and ismet.kz applications to geo-reserve infrastructure.

ORKEN “SUSTAINABLE GROWTH”

Infrastructure, GPON, digitalization of processes

16*100 Gbps

channels deployed on DWDM along key routes

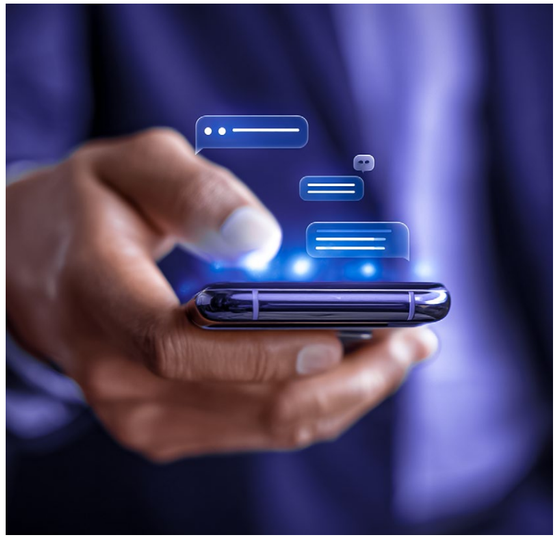
Peering and cache servers expanded to

820 Gbps

(VK, Microsoft, etc.)

2,763 ports

replacement of ECI/ERICSSON with CALIX



Kurchatov, Stepnogorsk, and Aksai transitioned to fiber

GPON in 5 cities:

13.6 thousand subscribers migrated

56 thousand connected

Replication of “BPM ALGORITHM” and “Vehicle Management” systems

These steps enable the Company to more effectively achieve its business goals and gain competitive advantages in a rapidly changing digital environment.

FOCUS MAP EXECUTION FOR 2024

In 2024, five key transformation focus areas were identified, aimed at improving customer service and the quality of services provided.

1 2 3 4

On-time Internet Connection via GPON Technology

This focus area was introduced as part of the launch of the WFM (Workforce Management) system – Installer. Since May 2024, in the retail business segment, customers have been able to choose the installation date themselves. In the SME segment, the system was implemented in all regional centers and cities of national significance.

B2C segment

Baseline	Target	December result
85%	90%	93.6% on-time connections

SME segment

Baseline	Target	December result
60.3%	90%	91.3% on-time connections

Resolution of Individual Faults within 8 Hours

This focus aims to minimize customer inconvenience and ensure service stability.

Baseline	Target	Second half result
96%	97%	97.5% of faults resolved within 8 hours

“Tazartu” Project

This initiative focuses on replacing outdated copper networks with GPON technology. The goal is to improve connection quality, increase internet speeds, and provide customers with stable digital services.

Planned migrations	Actual
63,130	70,028

“SAPA+” Project

An initiative to install modern routers supporting high-speed internet (up to 500 Mbps). The goal is to improve internet connection quality, speed, and Wi-Fi stability for customers connected via fiber-optic networks.

Project launch:
September 23, 2024

223,493

routers

were installed as of December 31, 2024

SAPA+

In 2024, Kazakhtelecom JSC launched the SAPA+ project aimed at modernizing outdated customer equipment and enhancing the quality of internet services. The name of the project, “SAPA,” translates from Kazakh as “quality,” reflecting the company’s commitment to improving its clients’ user experience.

By the end of the reporting year, within the framework of the SAPA+ project, the Company had replaced over 200,000 outdated routers with modern devices free of charge. The new routers support data transfer speeds of up to 500 Mbps, are equipped with quad-core processors, and can intelligently monitor and optimize traffic, ensuring a stable connection even in the presence of interference.

The project covered all regions of Kazakhstan, including both major cities and remote settlements. Special attention was given to areas with limited access to high-quality digital services, making SAPA+ a contribution to reducing the digital divide and providing more equitable connectivity opportunities for a wide range of users.

As a result of the SAPA+ project implementation, the following outcomes were achieved:

1

Increased internet speed and stability:

Customers gained access to high-speed internet with minimal interruptions, which is particularly important when multiple devices are connected simultaneously.

2

Enhanced customer satisfaction:

The free replacement of equipment and the improvement in service quality contributed to growing trust and loyalty toward the company.

3

Strengthened market position:

The equipment modernization enabled Kazakhtelecom to reinforce its status as a leading high-speed internet provider in Kazakhstan.

The SAPA+ project marked a significant step in Kazakhtelecom JSC’s strategy to improve service quality and increase customer satisfaction. The large-scale modernization of equipment demonstrates the company’s commitment to innovation and its focus on customer needs.

FOCUS MAP FOR 2026

COMPANY’S BUSINESS FOCUSES

70%

first request resolution rate (FRR) in B2B

70%

first request resolution rate (FRR) in B2C

“New Area Capture” – increasing KT network coverage in new residential developments.

“Tazartu” project – migrating customers from copper networks to GPON technology.

10%

reduction in churn for FTTx broadband service

VALUES

MODEL OF CORPORATE VALUES OF KAZAKHTELECOM JSC CREDO

C — Client centricity

This means taking into account the requests of our colleagues and customeres, their active solution.

- Effective development of the Company's products and services through an in-depth understanding of market trends and current and future customer needs.
- Development of the customer base by increasing the level of satisfaction of external and internal clients with the quality of services, services and solutions provided to them.
- Increase of the revenue by finding and implementation of mutually beneficial terms of cooperation with both our clients and within our Company.
- Formation of long-term relationships with customers and counterparties, based on the principles of partnership and cooperation.

R — Responsibility for the result

This means a persistent and responsible achievement of the goal.

- Increasing the Company's financial results by setting and cascading clear and ambitious goals at all levels of management.
- Increasing the level of involvement and the proportion of employees who are proactively involved in solving urgent business problems.
- Increasing the speed of making and implementing decisions necessary to achieve goals.
- Savings through the introduction of a rational approach in planning and use of resources required to implement the decisions taken.

E — Experimentation

This means finding the best ways to solve your problem and elimination of imperfections in current processes.

- Increasing the attractiveness and competitiveness of the Company's products and services through the search for and implementation of new promising ideas.
- Improving the efficiency of business processes in the course of continuous improvement of existing practices, processes and parameters of their results.
- Reducing time to develop innovations as a result of built practices of experimentation, learning from lessons and improving results.
- Increasing the speed of implementation of changes through the active involvement of all employees involved in changing processes and working practices.

D — Digitality

This means the ability to look at the task through the prism of analytics and find digital paths to success.

- A radical increase in the quality of decisions made as a result of the use of interfaces, models and algorithms for data analysis.
- A multiple increase in the speed of work processes and solving business problems through the use of digital interfaces, services and devices.
- Increasing the transparency of business processes and the speed of response to deviations through access to analytics and reports from BI systems.
- Reducing the cost of processes as a result of the introduction of digital tools and platforms for solving everyday work tasks.

O — Openness

This means respect for colleagues and involvement in joint work, taking into account the potential of each.

- Increasing the involvement of personnel, their desire to show their talents as a result of the formation of a constructive and friendly atmosphere of interaction.
- Increasing the attractiveness of the employer brand and the ability to attract the best professionals from the labour market by creating a barrier-free development environment.
- Reducing the transaction costs of the Company due to the well-coordinated work of professionals from different departments.
- Increasing Company performance by openly discussing complex issues and adjusting behavior as a result of receiving feedback.

REVIEW OF REGULATORY ENVIRONMENT

In accordance with Clause 1 of Article 7 of the Charter of Kazakhtelecom JSC, the Company operates as a telecommunications operator of the Republic of Kazakhstan for the establishment, installation, operation, and technical maintenance of public telecommunications networks and private telecommunications systems. It performs the functions of a public telecommunications network operator and, among other roles, acts as a long-distance and international communications operator with the right to conduct settlements with communication administrations of other countries, companies, users, and international organizations in accordance with the Regulations of the International Telecommunication Union and the legislation of the Republic of Kazakhstan.

The main legislative acts of the Republic of Kazakhstan governing the activities of Kazakhtelecom JSC include the Entrepreneurial Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan "On Communications," the Law "On Natural Monopolies," and the Law "On Joint Stock Companies."

ENTREPRENEURIAL CODE OF THE REPUBLIC OF KAZAKHSTAN

The Entrepreneurial Code of the Republic of Kazakhstan (hereinafter – EC RK) defines the legal, economic, and social conditions and guarantees that ensure the freedom of entrepreneurship in the Republic of Kazakhstan. It regulates public relations arising in the context of interaction between business entities and the state, including state regulation and support of entrepreneurship.

Throughout 2024, various amendments and additions were made to the Entrepreneurial Code of the Republic of Kazakhstan (EC RK).

In particular, the following changes and additions were introduced by the Laws of the Republic of Kazakhstan dated April 6, 2024 No. 71-VIII, May 21, 2024 No. 86-VIII, and July 8, 2024 No. 121-VIII:

- subparagraphs 1) and 9) of Paragraph 1 of Article 165 were supplemented with the words ", for national companies, the right to control no less than forty percent of the total number of votes attached to voting shares (participation interests in the charter capital, units) of the market entity is permitted." As a result, according to subparagraphs 1) and 9) of Paragraph 1 of Article 165 of the EC RK, a group of persons shall be deemed to be a set of individuals and/or legal entities that meet one or more of the following criteria:
  - a market entity and an individual or legal entity, if such individual or legal entity, by virtue of participation in the given market entity or on the basis of authority received, including under a written agreement from other parties, has the right to control more than fifty percent of the total number of votes attached to voting shares (participation interests in the charter capital, units) of the given market entity;
  - a market entity, individuals and/or legal entities that, based on any of the grounds specified in subparagraphs 1), 2), 3), 4), 5), 6), 7), and 8) of this paragraph, are part of a group of persons, if these persons jointly, or by virtue of authority received from other parties, have the right to control more than fifty percent of voting shares (participation interests, units) of the market entity; for national companies, the threshold may be no less than forty percent;
- the concepts of "conglomerate" and "adjacent commodity market" were introduced. According to Paragraph 1 of Article 172-1 of the EC RK, a conglomerate is defined as a market entity (group of persons) holding a dominant or monopolistic position in both a relevant and an adjacent commodity market, excluding banking holdings, banks and their subsidiaries, as well as the single electricity purchaser and the balancing market settlement center. An adjacent commodity market is one in which the sale of a product is impossible without the use of another product sold on the relevant commodity market. Furthermore, according to subparagraph 12) of Article 96-6 and Paragraph 2 of Article 172-1 of the EC RK, maintaining the state register of conglomerates, as well as conducting analysis and monitoring of their activities, falls under the authority of the antimonopoly body;
- article 191-1 was restated to clarify that failure to publish information necessary to ensure a free change of seller (supplier) is no longer considered a barrier to switching suppliers;
- articles 199, 216, and 221 were supplemented with a provision stating that appeals against a notice/order to conduct an investigation/actions of officials of the antimonopoly body under the Administrative Procedural Code of the Republic of Kazakhstan do not suspend the timeline specified in the notice/order or the execution of such actions;
- subparagraphs 3) and 4) of paragraph 1 of Article 201 have been amended. According to the new version of these subparagraphs, economic concentration is recognized as:
- Acquisition of ownership, possession, and use– including as payment (transfer) for charter capital–by a market entity (or group of persons) of core production assets (excluding land plots and buildings (structures, facilities) that are not industrial in nature, their complexes, premises, and unfinished construction objects) located in the territory of the Republic of Kazakhstan and/or intangible assets of another market entity, if the book value of such assets, which are the subject of the transaction (or related transactions), exceeds twenty percent of the book value of the core production assets and intangible assets of the transferring or alienating market entity. This requirement does not apply in cases where a market entity (or group of persons) acquires ownership, possession, and use of core production assets and/or intangible assets as part of the founders' contributions to its initial charter capital, as well as in cases of market entity reorganizations where the newly created market entity acquires such assets based on a transfer deed or separation balance sheet;
- acquisition by a market entity of rights (including under a trust management agreement, joint activity agreement, or agency agreement) that allow issuing binding instructions to another market entity in the course of its business activities:
  - it applies to cases of acquiring rights that provide the ability to make decisions independently, exert decisive influence over the decision-making process, and predominantly control decision-making (including the right to determine priority areas, main conditions, types and directions of entrepreneurial activity, development strategy, and other matters not related to day-to-day operations), as well as similar cases, provided there are no other persons with comparable rights.

- it also applies to acquired rights that allow obstructing the decision-making process by governing and/or supervisory bodies of the market entity (including explicitly stated veto or blocking rights in the founding documents), or unilaterally appointing (nominating) candidates to the governing and/or supervisory bodies of the market entity, provided such rights are not held by other persons;

› the deadlines for verifying the completeness of submitted materials and reviewing petitions for consent to economic concentration have been changed (from 10 calendar days to 5 working days, and from 30 calendar days to 15 working days, respectively). Additionally, a maximum time limit for reviewing such petitions has been set – with all suspensions taken into account, it must not exceed 12 months (Article 205);
› amendments were introduced regarding state regulation of maximum tariffs for the lease (rental) of locations for installing communication equipment, as well as for utility poles used for laying fiber-optic communication lines (Subparagraph 15 of Paragraph 3 of Article 116, Article 123-1).

LAW OF THE REPUBLIC OF KAZAKHSTAN ON COMMUNICATIONS

The Law of the Republic of Kazakhstan "On Communications" (hereinafter referred to as the Communications Law) establishes the legal framework for activities in the field of communications within the territory of the Republic of Kazakhstan. It defines the powers of state authorities in regulating such activities, as well as the rights and obligations of individuals and legal entities providing or using communication services.

Several amendments and additions were made to the Communications Law by Laws dated April 6, 2024, No. 71-VIII; May 21, 2024, No. 86-VIII; June 19, 2024, No. 94-VIII; July 5, 2024, No. 115-VIII; and July 8, 2024, No. 116-VIII, including the following:

› The terms "network operations center," "shared-use infrastructure," "mobile communication station," "reallocation (reconfiguration of use) of the radio frequency spectrum," "structures for cellular or satellite communication equipment," and "broadcast messaging technology" were introduced (subparagraphs 13-1), 22-1), 40-4), 48-1), 67-6), and 70-1) of Article 2);
› Amendments and additions were made concerning the powers of the authorized body (paragraph 1 of Article 8);
› Technical support for the reallocation (reconfiguration of use) of the radio frequency spectrum in the Republic of Kazakhstan and coordination of frequency-territorial plans for cellular networks were assigned to the state monopoly in the communications sector (subparagraphs 7), 8) of Article 9-1);
› State control over the quality of communication services provided by communication operators was assigned to the competence of regional (city of republican significance, capital) akimats (subparagraph 3-2) of paragraph 1 of Article 10);
› Radio frequency bodies were authorized to develop proposals for implementing state policy in the area of radio frequency spectrum allocation, as well as for the effective use of the radio frequency spectrum and satellite orbital positions in the interests of the state. Previously, these proposals were developed by the Interdepartmental Commission on Radio Frequencies of the Republic of Kazakhstan under the Government of the Republic of Kazakhstan with participation from associations (unions) of communication operators and public associations of communication and radio frequency spectrum users (paragraph 2 of Article 11);
› In order to provide Internet access to rural settlements, Article 12 of the Communications Law was supplemented with paragraph 4-4, which stipulates that communication operators and/or owners of telecommunications networks must provide access to their telecommunications infrastructure to cellular operators for organizing wireless Internet access in rural settlements based on an agreement;
› The authorized body was granted the right to impose additional obligations on communication operators to provide discounted rates for persons with disabilities (paragraph 6 of Article 12);
› The following additional grounds for the termination of a radio frequency spectrum usage permit were introduced (subparagraphs 6)-8) of paragraph 8-1, Article 12):
  - decision by the authorized body to carry out reallocation of the radio frequency spectrum for the purposes of:
    - implementing advanced communication technologies;
    - ensuring effective use of the radio frequency spectrum and frequency bands in accordance with forward-looking radio spectrum usage plans;
  - termination of business activity by an individual entrepreneur or liquidation of a legal entity;
  - failure by a communication operator to submit notification of the operation of radio-electronic equipment and/or high-frequency devices and to calculate electromagnetic compatibility of civilian radio-electronic equipment within six months from the date of obtaining the permit to use the radio frequency spectrum, as determined in accordance with the legislation of the Republic of Kazakhstan on permits and notifications;
› Communication operators are obligated, in the event of a threat or occurrence of a social, natural, or man-made emergency, as well as during the declaration of a state of emergency, to provide mobile communication stations to operational headquarters upon request, and mobile network operators must ensure the operation of broadcast messaging technology on their networks (paragraphs 5 and 6 of Article 14);
› Chapter 2 is supplemented with Article 15-3, which stipulates that communication operators and/or owners of communication networks operating in the Republic of Kazakhstan shall submit aggregated data to the authorized body in the event of threats or occurrences of emergencies of a social, natural, or man-made nature caused by natural disasters (earthquakes, mudflows, avalanches, floods, and others), environmental crises, wildfires, epidemics, in the manner determined by the authorized body in coordination with the National Security Committee of the Republic of Kazakhstan;
› Paragraphs 1 and 2 of Article 18 are revised as follows:
  1. The right to use the radio frequency resource is granted after the allocation of frequency bands, radio frequencies (radio frequency channels) based on a competition (or auction), if the communication service will be provided using radio frequencies in a range where the radio frequency authorities have imposed a restriction on the possible number of communication operators operating in a specific territory due to insufficient availability of radio frequency spectrum. In such cases, the communication operator is obligated to provide communication services to the territory or populated areas, as reflected in the permit for the use of the radio frequency spectrum.
  2. The decision to conduct a competition (or auction) is made by the authorized body in accordance with paragraph 1 of this article.

  The competition (or auction) must be held no later than six months after such a decision is made;
› Regulation of maximum tariffs by the authorized body for property lease (rental) of locations for placing communication facilities, as well as supports for overhead power lines for laying fiber-optic lines, has been introduced (subparagraph 3) of the first part of paragraph 2 of Article 20);
› Provisions on the approval by the authorized body of the standard form of an interconnection agreement, defining the terms for providing interconnection services of other telecommunications networks, as well as related obligations on network interaction and traffic transmission, for public telecommunications network operators have been excluded (paragraph 1 of Article 26);
› A provision has been introduced for subsidizing communication services at agricultural and industrial facilities for the purpose of implementing digital technologies (paragraph 4 of Article 34);

- Article 40 has been supplemented with paragraph 1-5, establishing a ban on operators providing text message distribution services to cellular subscriber devices containing advertisements for electronic casinos, online casinos, as well as advertisements for gambling and/or betting.

LAW OF THE REPUBLIC OF KAZAKHSTAN «ON NATURAL MONOPOLIES»

The Law of the Republic of Kazakhstan "On Natural Monopolies" applies to relations arising in the service market of the Republic of Kazakhstan provided by entities of natural monopolies.

Amendments and additions were made to the Law on Natural Monopolies by Laws dated 06.04.2024 No. 71-VIII, 21.05.2024 No. 86-VIII, 01.07.2024 No. 107-VIII, and 08.07.2024 No. 121-VIII, including:

- The concept of "unjustified income" was introduced (unjustified income – additional income received by an entity as a result of tariff overcharging, including unlawful billing based on meter readings, volumes, amounts and consumption norms of services, approved by the department of the authorized body, and/or misappropriation of depreciation funds provided in the tariff estimate, failure to fulfill cost items in the tariff estimate by more than five percent from the amounts approved by the authorized body, failure to use or misuse funds provided in the tariff estimate for the implementation of investment programs) (subparagraph 11-1) of Article 4);
- Provision was made for the formation and maintenance of a register of unscrupulous procurement participants (subparagraph 4-1 of Article 8);
- Public hearings may now be held using online broadcasts (subparagraph 9) of Article 8);
- It is determined that entities of natural monopolies shall publish reports on the implementation of the approved tariff estimate, on the implementation of the approved investment program, on the compliance with the quality and reliability indicators of regulated services and achievement of performance indicators, including financial statements, in mass media distributed in the respective administrative-territorial unit, and/or on their website (paragraph 2 of Article 25);
- Entities of natural monopolies are obliged to coordinate the methodology of separate accounting for regulated services with the authorized body (subparagraph 20-1) of Article 8, subparagraph 9) of the first part of paragraph 2 of Article 26);
- The procedure for preventive control without visiting the subject (object) of control is established (Articles 30-1).

In addition, various general amendments were made in 2024 to certain legislative acts of the Republic of Kazakhstan used in the activities of JSC "Kazakhtelecom", such as the Civil Code of the Republic of Kazakhstan, the Tax Code of the Republic of Kazakhstan, the Code of the Republic of Kazakhstan on Administrative Offenses, the Law of the Republic of Kazakhstan "On the Securities Market", the Law of the Republic of Kazakhstan "On Permits and Notifications", as well as subordinate regulatory legal acts on the provision of communication services and other regulatory legal acts.

Also, starting from January 1, 2025, the Order of the Minister of Finance of the Republic of Kazakhstan dated October 8, 2024, No. 677 "On the approval of the list of goods, works, services, rules and volume of public procurement carried out from small and medium-sized business entities", adopted in accordance with paragraph 7 of Article 27 of the Law of the Republic of Kazakhstan "On Public Procurement", entered into force. According to this order, public procurement of services provided by individuals and legal entities of the Republic of Kazakhstan, the value of which does not exceed fifty thousand times the monthly calculated index established for the relevant fiscal year by the law on the republican budget, must be carried out among small and medium-sized business entities.

In accordance with paragraphs 2 and 4 of the Rules for the implementation of public procurement of goods, works, services from small and medium-sized business entities approved by this order:

- The Rules do not apply to public procurement of goods, works, services carried out in accordance with the list of goods, works, services for which the method of public procurement is determined by the authorized body;
- procurement from all suppliers is allowed only in cases where public procurement of services from small and medium-sized business entities is recognized as failed due to the absence of submitted applications for participation in the competition or submitted price offers.

TELECOMMUNICATIONS MARKET OVERVIEW FOR 2024

The overview is based on data from the Bureau of National Statistics (hereinafter – BNS) of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, marketing data on the communications market from open internet sources, as well as expert assessments.

1,362 11%

KZT billion

total volume of the telecommunications services market in Kazakhstan

44.4

KZT billion

the fixed-line telephony market volume in 2024

KEY TRENDS IN THE TELECOMMUNICATIONS MARKET IN 2024

As of the end of 2024, the total volume of the telecommunications services market amounted to 1,362 billion tenge, exceeding the previous year's figure by 11%.

Mobile communications dominate by type of service. Revenue from mobile communication services still generates more than half of the entire market volume – 56%.

As of the fourth quarter of 2024, the fixed-line telephony market amounted to 44.4 billion tenge.

The share of data transmission and Internet access services in fixed networks showed revenue growth up to 196.8 billion tenge. In 2024, this segment accounted for 14.4% of the total.

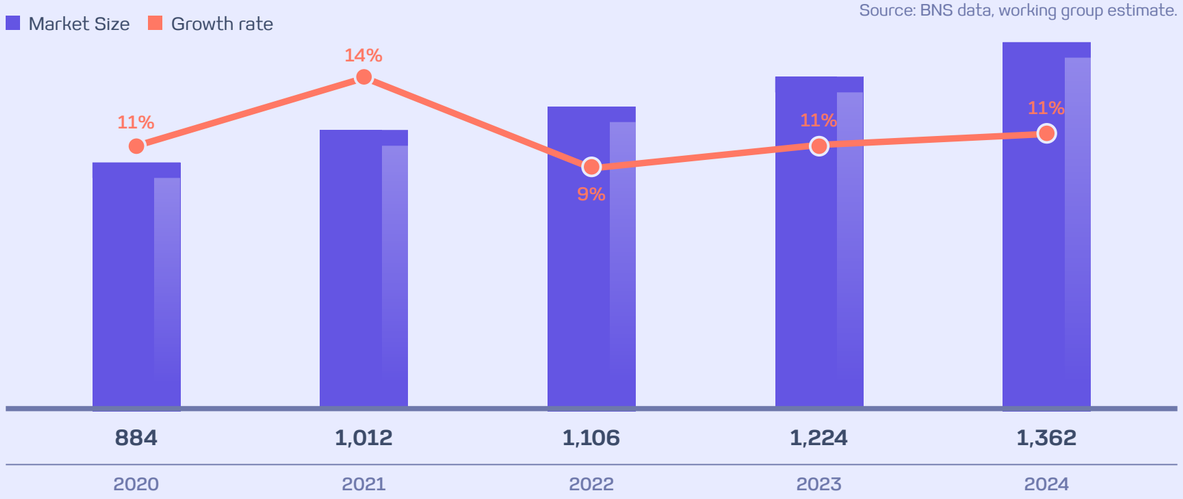
The pay-TV segment in 2024 accounted for 4% of the total telecommunications service revenues.

ASSESSMENT OF THE CAPACITY AND STRUCTURE OF THE TELECOMMUNICATIONS MARKET IN KAZAKHSTAN FOR 2024

Kazakhstan's telecommunications market confirmed its growth potential, showing an 11% increase in 2024 compared to the previous year. In absolute terms, the market volume amounted to KZT 1,362 billion.

REVENUES FROM TELECOMMUNICATIONS SERVICES IN THE REPUBLIC OF KAZAKHSTAN, 2020–2024, KZT BILLION

Source: BNS data, working group estimate.



Revenues from mobile services continue to dominate, accounting for 56% of the market in 2024, driven by the growth of mobile internet and related services. Improved network quality and the development of 5G also contribute to increased data consumption.

The share of B2O services remains stable at 9% due to infrastructure expansion in remote areas, which not only reduces the digital divide but also stimulates traffic growth among small operators and corporate clients.

Fixed broadband and data transmission services (15%), as well as IT services (8%), continue to contribute to the overall market, particularly due to the growth of cloud solutions and digital services. Overall, the market structure by service type remained largely unchanged compared to 2023, although there is a gradual shift toward higher value-added services.

56%

was the revenue share from mobile services in 2024

15%

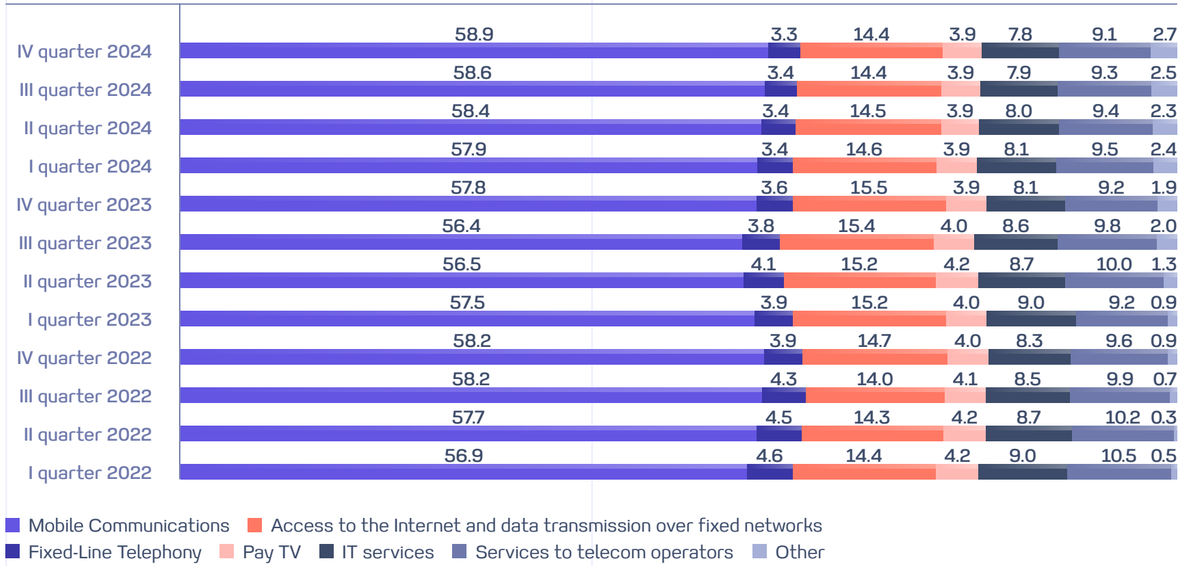
share of revenue from fixed broadband and data transmission

8%

revenue share from IT services

STRUCTURE OF REVENUES IN THE TELECOMMUNICATIONS SECTOR OF THE REPUBLIC OF KAZAKHSTAN BY SERVICE TYPE, 2022–2024, %

Source: BNS data, working group estimate.

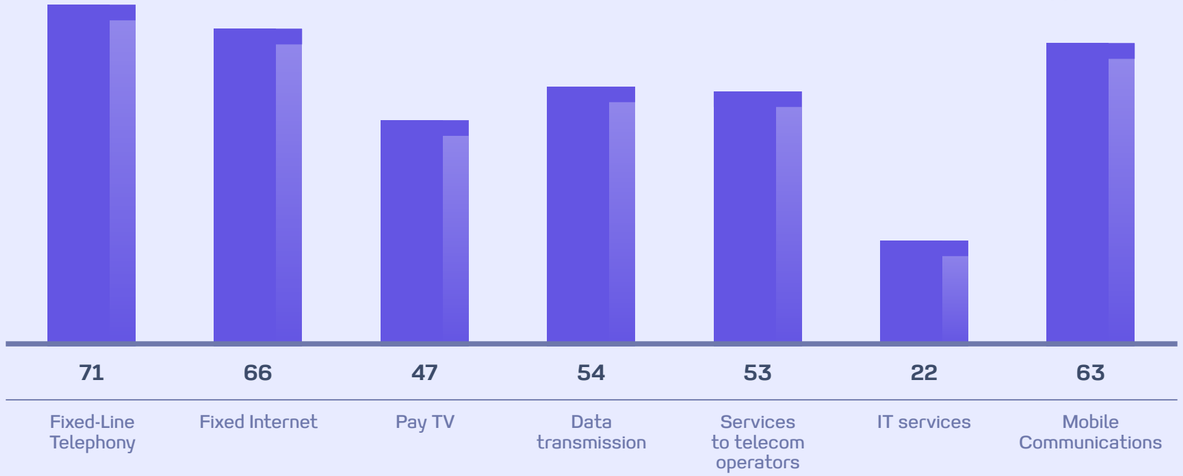


POSITION OF THE KAZAKHTELECOM JSC GROUP OF COMPANIES IN THE MARKET

There were no significant shifts in the market landscape in 2024, indicating a stable competitive environment and a mature market. The market share of the Kazakhtelecom JSC Group of Companies stood at 62% in 2024.

MARKET SHARE OF KAZAKHTELECOM JSC GROUP OF COMPANIES BY SEGMENT IN 2024, %

Source: BNS data, working group estimate.



FIXED-LINE TELEPHONY

As of the end of 2024, the fixed-line telephony market amounted to KZT 44.4 billion, showing a slight decrease of 0.6% compared to 2023. The decline in revenue is attributed to the trend toward mobile and internet-based alternatives to traditional fixed-line telephony, resulting in a yearly reduction in demand for classic wired services. In the revenue structure by service type, local telephony accounts for the largest share with KZT 28.8 billion.

MOBILE COMMUNICATIONS

Despite its maturity, the mobile communications market continues to play a key role in the development of the telecommunications sector in Kazakhstan and globally. This is driven by growing demand for mobility, digital services, and fast access to information. Advancements in network technologies and improvements in mobile internet quality foster the emergence of new services that are successfully monetized and increase paid consumption.

In 2024, the mobile communications market in Kazakhstan reached KZT 764.8 billion, which is a 5% increase year-on-year.

764.8 ▲ 5%

KZT billion

the mobile communications market in Kazakhstan in 2024

FIXED INTERNET ACCESS

Revenues from Broadband Services

The broadband access market continues to grow year over year. In major cities, internet providers aim to increase subscriber profitability by migrating users from ADSL connections to FTTx and GPON networks, which offer higher speeds and broader service packages at corresponding costs. Providers delivering universal services in rural areas receive state subsidies to compensate for lost revenue due to the application of special tariffs. The estimated volume of the fixed broadband market in 2024 was KZT 159.5 billion, representing a 10% increase compared to the previous year.

159.5 ▲ 10%

KZT billion

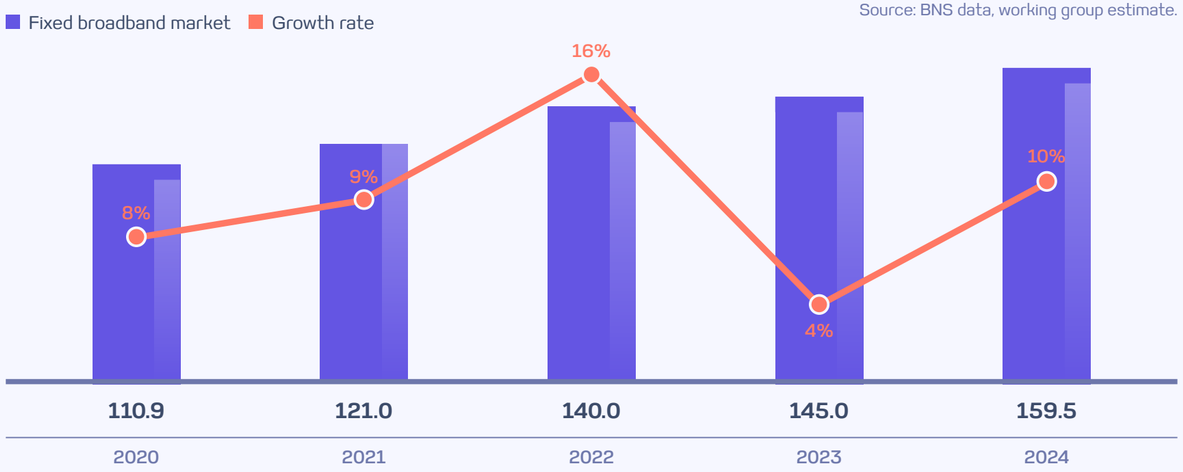
the volume of the fixed broadband market in 2024

REVENUES FROM MOBILE COMMUNICATIONS SERVICES, 2020–2024, KZT BILLION

Source: BNS data, working group estimate.

REVENUES FROM FIXED NETWORK BROADBAND SERVICES, 2020–2024, KZT BILLION

Source: BNS data, working group estimate.



Data Transmission Channel Leasing

The channel leasing market in Kazakhstan, dominated by IP-VPN, is stagnating despite the expansion of branch networks. The main reason is the migration of enterprises to cloud infrastructure, especially in the public sector, where digital transformation progresses faster than in the corporate segment.

Additional factors contributing to the decline in demand include:

- Replacement of IP-VPN with internet-based solutions (SD-WAN, IPsec VPN);
- Competition with alternative technologies (MPLS, Ethernet VPN);
- Optimization of IT budgets.

In 2024, the data transmission channel leasing market amounted to KZT 37.4 billion, nearly matching the previous year's level, confirming the stagnation trend likely to persist in the coming years.

37.4

KZT billion

the channel leasing market volume in 2024

PAY TV

As of the end of 2024, revenue from pay TV services in Kazakhstan totaled KZT 52.5 billion, an increase of 7% compared to the previous year. Nearly all revenue from pay TV services is generated by households, which accounted for 94% of total revenue in 2024, or over KZT 49 billion.

52.5 ↑ 7%

KZT billion

was the revenue of operators from pay TV services in Kazakhstan in 2024

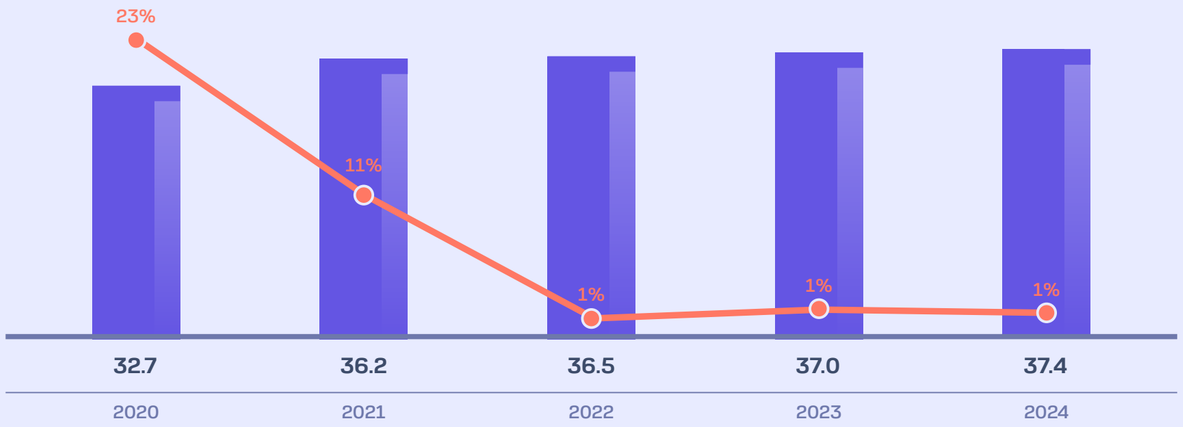
94%

KZT billion

of pay TV revenue comes from households

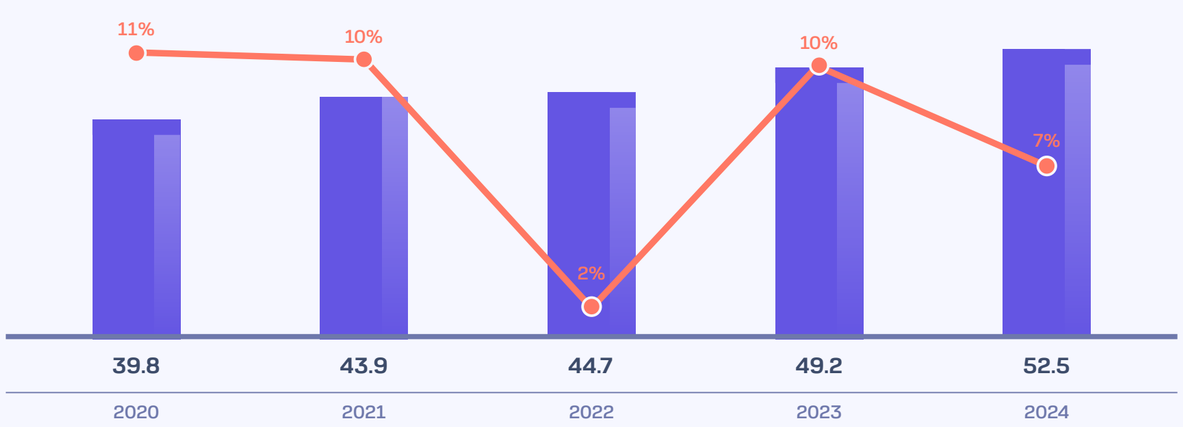
REVENUES FROM DATA TRANSMISSION CHANNEL LEASING, 2020–2024, KZT BILLION

Source: BNS data, working group estimate.



REVENUES FROM PAY TV SERVICES, 2020–2024, KZT BILLION

Source: BNS data, working group estimate.



BUSINESS AND FINANCIAL OVERVIEW

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RETAIL BUSINESS

The Company's revenue from the retail segment totaled KZT 149.91 billion in 2024, exceeding the plan by KZT 1.5 billion or +1.0%. The average revenue per user (ARPU) increased by +11.5%.

149.91 ▲ 1.0%

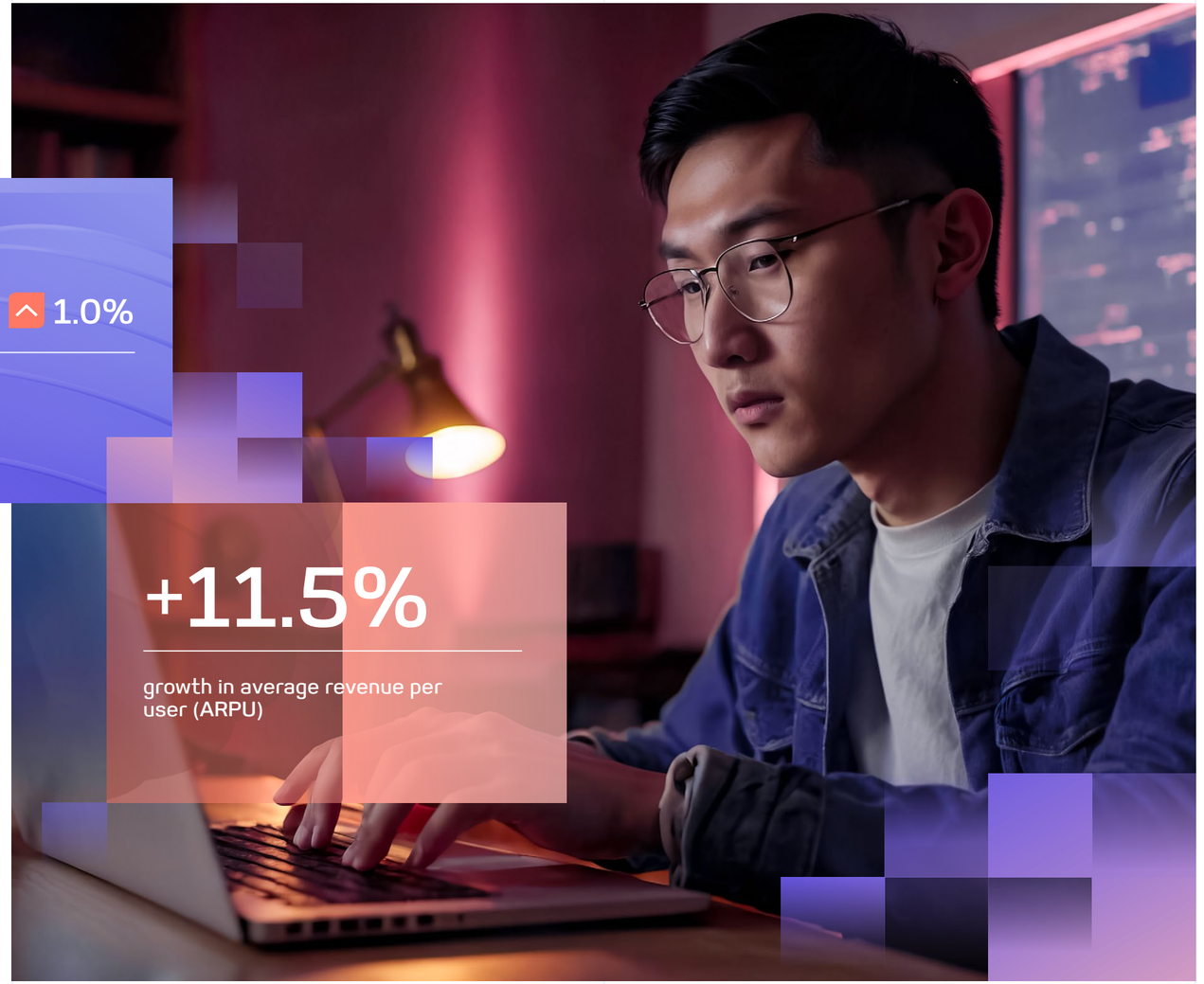
KZT billion

the Company's revenue from the retail segment in 2024

As of the end of 2024, the total volume of overdue and doubtful receivables amounted to KZT 3.07 billion, which is below the planned level.

The effect of digital channel sales reached KZT 1,565 million in 2024, representing 16% of total sales.

The CLV B2C metric for 2024 amounted to KZT 153.8 thousand.



+11.5%

growth in average revenue per user (ARPU)

3.07

KZT billion

total amount of overdue and doubtful accounts receivable as of the end of 2024

1,565

KZT million

the effect of digital channel sales in 2024

153.8

KZT thousand

achievement of the CLV B2C target for 2024

PRODUCT DEVELOPMENT

A key area for attracting and retaining new users on the TV+ platform remains the creation and promotion of original content. In 2024, active collaboration continued with Salem Social Media, resulting in the launch of 10 new series premieres and 27 archived projects.

The most popular series of the year were: “Escort — A New Challenge” (100 thousand unique views), “With Love, The Trickster” (95 thousand unique views), “60 kg” (92 thousand unique views), “Asau” (89 thousand unique views), “Qashan Tuasyn” (76 thousand unique views).

In addition, the Kinoroom proprietary cinema library significantly expanded, with 170 new titles added in 2024, 100 of which were in Kazakh. Major premieres included “QASH” by Aisultan Seitov, “Verdict” by the creators of the popular series “Black Yard”, The film anthology “Almaty, I Love You”, And the Franco-Kazakh series “Mission Infinity”, which was acclaimed at the Cannes Festival.

The TV+ platform also offers over 170 TV channels of various genres and 9 online cinemas, including Kinoroom, Salem, Qazaqsha, START, Premier, Wink, Megogo, Ammediateka, and Viju. The Qazaqsha cinema includes 816 Kazakh-language titles, 685 of which are fully dubbed.

As of January 1, 2025, the total number of paying TV+ users reached 816 thousand, marking a 60% increase in audience size compared to 2023.

The development of an original content strategy, expansion of the movie and series catalog, and technological enhancements enabled TV+ to maintain its leading position among Kazakhstan’s TV platforms and continue its dynamic growth in 2024.

NEW TARIFF PLAN LINES

In 2024, the Company continued promoting long-term contract packages that include unlimited home Internet, the TV+ service with TV channels and online cinemas, and mobile communications. When subscribing to these packages under a long-term contract, customers receive a discount on the monthly fee with a guaranteed fixed price for the entire contract term.

The entire package lineup was updated, and for the first time, a package including four mobile numbers was introduced. Notably, the new lineup provides unlimited 4G/5G Internet access on all mobile numbers.

In 2024, the TV+ service launched a new tariff plan, “Salem”, priced at KZT 990, specifically designed for fans of local TV series from domestic studios. The main tariff plans, “TV+ Prime” and “TV+ Super”, introduced annual and semi-annual subscription options with discounts of up to 50%.

CLOSER TO THE CUSTOMER

In October 2024, Kazakhtelecom JSC launched the SAPA+ project to improve Wi-Fi connectivity for customers connected via optical lines (FTTx). As part of this initiative, the Company provided free equipment replacements or installed additional devices, significantly increasing the speed and reliability of the network.

As of March 4, 2025, 332,679 customers had received enhanced Internet connectivity. Over 380,000 routers were procured to implement the project.

The Net Promoter Score (NPS) in the B2C segment rose to 17% in the fourth quarter of 2024. The increase in positive feedback contributed to attracting new subscribers through recommendations and greater trust in the Company.

To simplify the connection and application processing process, the Company launched the “Megaliner” software, enabling staff and freelance contractors to easily connect customers.

A multichannel application submission system was introduced during the reporting period. Applications could be submitted via the telecom.kz mobile app, the official website, call center 160, technical support, official WhatsApp and Telegram accounts, Company branches, and through staff using the “Megaliner” system.

Internal processes were optimized, interdepartmental cooperation improved, and customer service processes were automated. The implemented technical solutions increased staff efficiency and simplified interactions with subscribers.

The project marked a significant step in enhancing the quality of the Company’s Internet services and reinforced its market position.

816,000 ▲ 60%

total number of paying TV+ users

17%

Net Promoter Score (NPS) in the B2C segment in the fourth quarter of 2024

ENHANCING CUSTOMER EXPERIENCE

In 2024, the Company received 6.3 million customer requests, a 16% decrease compared to 2023. The number of requests declined across all channels (subscriber departments, contact centers “160” and “165”), except for the online channel, which grew by 21%. The largest share of inquiries (40%) concerned service quality.

6.3 16%

million customer requests

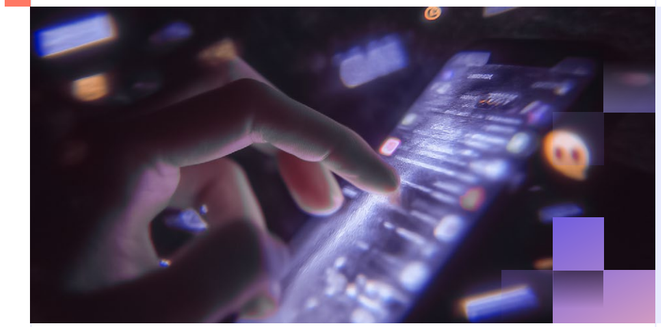
received in 2024

+21%

increase in inquiries through online channels

40%

the largest share of inquiries was related to service quality



OPERATION OF ONLINE CHANNELS WHATSAPP, TELEGRAM

The average waiting time for a specialist’s response was improved from 3.5 minutes to

3 minutes

The average duration of dialogue with the client decreased from 2 hours to

1.4 hours

Service quality index across service channels improved (2023 – 87%)

91% 4%

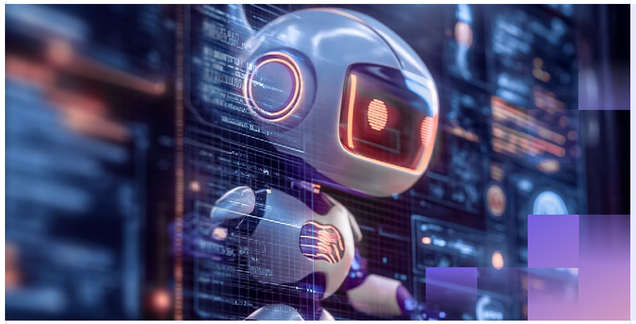
PERFORMANCE INDICATORS OF CONTACT CENTERS “160” AND “165”

Share of customer requests resolved by Omilia’s voice bot

28%

Customer satisfaction with issue resolution from the first call reached

96% 2%



QUALITY INDICATORS IMPROVED

Agent Performance (AP)

97% 2%

First Request Resolution (FRR)

96% 5%

Transactional NPS (tNPS)

80% 9%

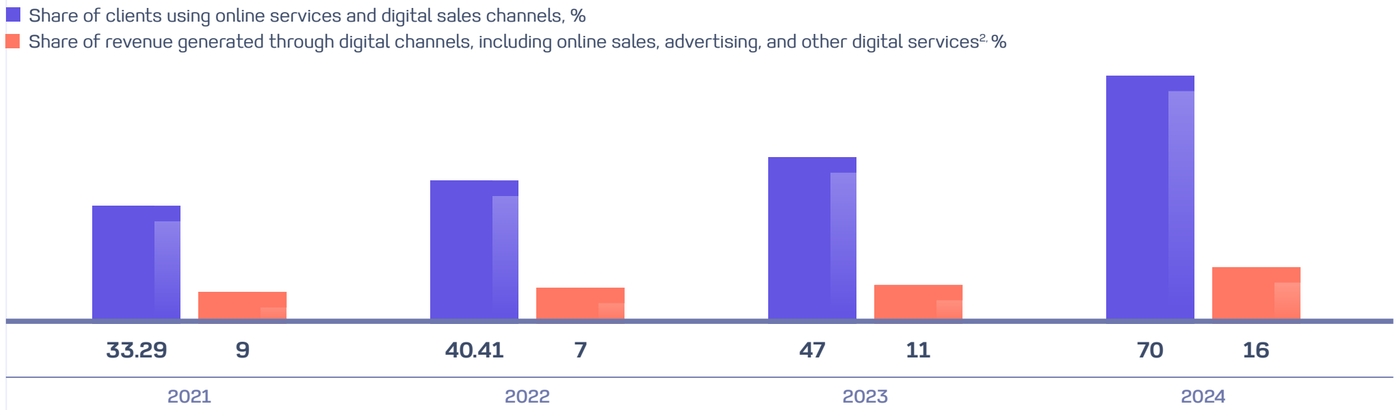
AS PART OF BUSINESS PROCESS AUTOMATION

An auto-template for churn and subscriber retention (via SMS confirmation) was implemented with full CRM integration	"Transfer of contract" and "Relocation" functions (first stage) were implemented in the Telecom.kz mobile app;	The option to reset the session via the mobile app was added;	The Omilia intelligent bot was launched in all cities of the Republic of Kazakhstan;	A customer churn heatmap was developed;	"160" and "165" contact center numbers were merged into a single number "160";	A free call to the single number "160" from mobile devices was implemented.

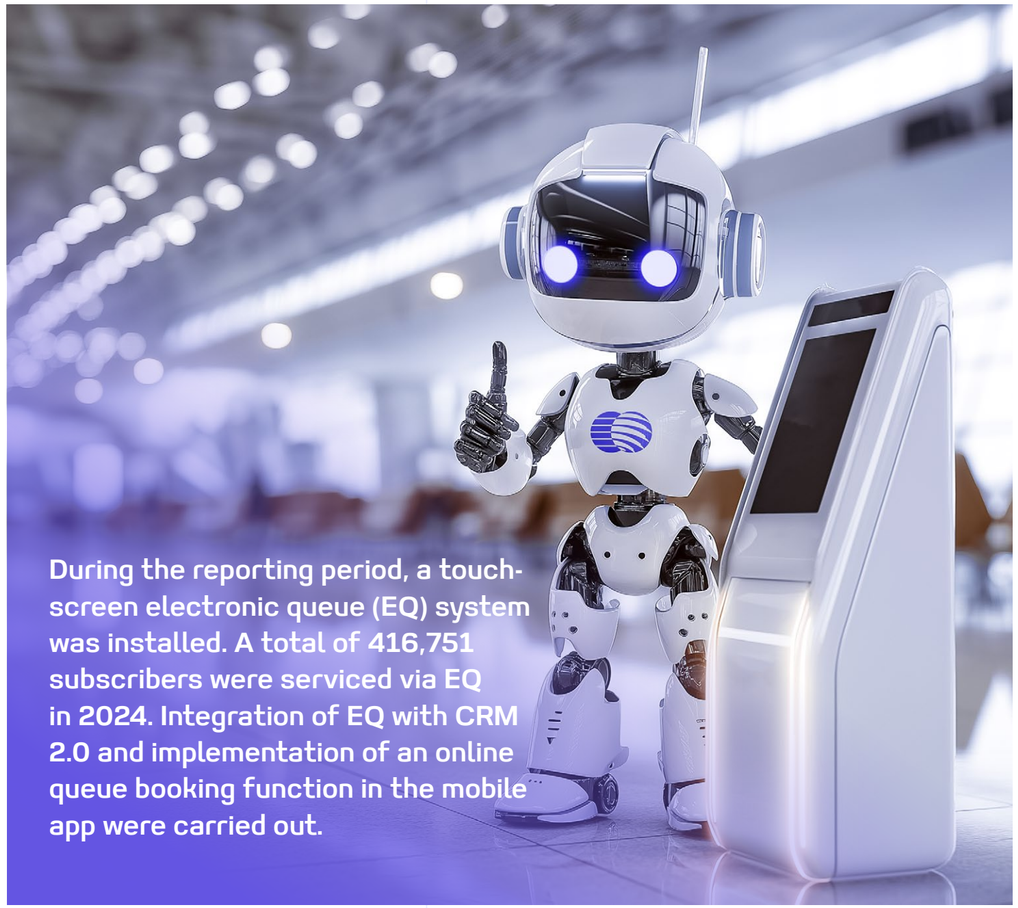
TO IMPROVE CUSTOMER LOYALTY:

A pilot project was launched to credit 5 GB to FMS numbers in case of mass outages;	A "Voice of Customer" study was conducted in Almaty;	A Digital Point pilot project was launched in Almaty and Astana to promote mobile app services;	A memorandum was signed with Kcell JSC, allowing clients to be serviced at Kcell operator offices.

DIGITALIZATION OF CUSTOMER EXPERIENCE, %



[2] The figures for 2021–2023 regarding the share of revenue generated through digital channels have been restated.



During the reporting period, a touch-screen electronic queue (EQ) system was installed. A total of 416,751 subscribers were serviced via EQ in 2024. Integration of EQ with CRM 2.0 and implementation of an online queue booking function in the mobile app were carried out.

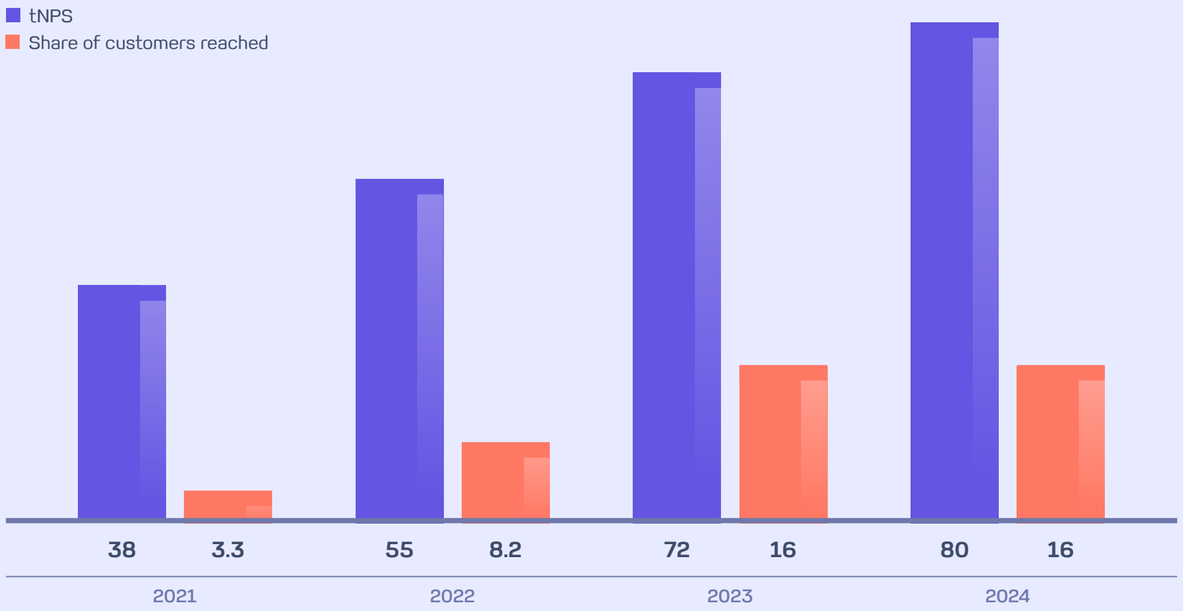
IMPROVING THE SERVICE INSTALLATION PROCESS

In 2024, activities aimed at improving the efficiency of network development and support processes were implemented.

KEY INDICATORS DESCRIBING PERFORMANCE RESULTS IN 2024

Key indicators	January 2024	December 2024
Share of subscribers connected in less than 24 hours	94%	93.60%
Net Promoter Score (tNPS)	82%	78%
Installer service quality rating (Agent Performance)	97%	97%
First Request Resolution (FRR)	97%	96%

CUSTOMER SATISFACTION EVALUATION, %



The main focus was on automation, resource management improvement, and reduction of request fulfillment times. Implementation of the WFM system enabled automation of work order distribution and significantly reduced connection times. A feature was added to allow customers to independently choose the date of the installer's visit via the WFM calendar, improving convenience.

The share of automatically assigned linear data increased from 90% to 96%, and 96% of GPON MZhS orders are now processed automatically, reducing average execution time from 0.5 to 0.3 hours.

To improve supply and planning processes, inventory management was optimized, accelerating delivery times. A system for equipment accounting and monitoring was introduced, increasing inventory accuracy and control over technical condition. An interdepartmental interaction regulation was developed to accelerate GPON network expansion.

Automated process development continued in 2024: automatic task distribution was launched in 14 cities, a service for SMS/Push notifications about technician visits was implemented, automatic shift and route generation was introduced, and WFM system functionality was expanded to cover more than 170 district centers.

To improve the accuracy of determining technical feasibility of service connections, product offerings were configured and resource accounting in private housing was automated.

During implementation, delays were identified due to equipment deliveries and changes in process requirements. To address these issues, the supplier list was expanded, procurement of test equipment for engineers was launched, and work regulations were revised.

The implemented activities improved operational efficiency, process manageability, and minimized risks related to supply and installation. Despite individual challenges, the achieved results contributed to service quality improvements and successful fulfillment of strategic goals.

LOYALTY PROGRAM «KT CLUB» IN THE TELECOMKZ MOBILE APP

In 2024, the Retail Business Division continued implementing the strategy of increasing customer satisfaction and effective telecommunications service sales management by developing the KT Club loyalty program in the TelecomKz mobile application.

By the end of the year, the number of program participants reached 224,474 subscribers, equivalent to 60% of the total mobile app user base. These figures indicate a high level of customer engagement and confirm the program's demand.

As part of the program's development, the "Invite a neighbor" referral campaign was launched, allowing existing customers to receive 3,000 bonus points for referring a new subscriber, and new users – 2,000 bonus points when subscribing to telecommunications services. Bonus points can be used to pay for communication services, making the offer attractive for both existing and new customers. This mechanism contributes to expanding the customer base and increasing loyalty.

Throughout 2024, 27 partner companies joined the KT Club program, including brands such as AirbaFresh, InvictusGO, Xiaomi, Wolt, and Choco Ryadom. Partner offers include discounts and special privileges for TelecomKz subscribers, enhancing the value proposition and making the KT Club loyalty program more attractive.

In 2024, three quizzes were held for B2C subscribers within the Loyalty Program through the mobile app:

- June – Quiz for the 30th anniversary of Kazakhtelecom JSC;
- September – "Back to School" quiz;
- December – "Happy New Year" quiz.

More than 37,000 subscribers took part in the quizzes. The mechanics of the events were based on completing tasks in the application with the opportunity to win valuable prizes (iPhone, iPad, AirPods) and bonus points to pay for communication services, which contributed to increased user engagement and the promotion of the Company's digital services.

The "KT Club" loyalty program demonstrates stable positive dynamics, providing users with real value through a bonus system, participation in promotions, and access to exclusive partner offers, which overall contributes to strengthening customer loyalty and promoting the company's digital solutions.

224,474

subscribers

the number of program participants KT Club

NETWORK DEVELOPMENT

From January to December 2024, optical networks were commissioned across the Republic of Kazakhstan as part of the "Broadband Access Network Development Using FTTx Technology" project. This enabled high-speed internet connection for 49,780 subscribers in 644 multi-apartment residential buildings and 2,341 subscribers in the private sector of cities.

Additionally, in 2024, optical lines were commissioned under a network construction partnership model, which provided the potential to connect 48,687 households.

As part of the digital divide reduction program in 2024, the following were purchased:

- 245 WI-FI radio bridge base stations (including 15 ZIP-type base stations);
- 10,063 customer terminals.

During the year, 110 base stations were installed in 104 rural settlements, providing access to the network for approximately 6,500 subscribers.

Within the framework of the 2024 Capital Investment Budget projects planned for 2025:

- construction and expansion of optical networks in all major cities of the Republic of Kazakhstan, which will provide high-speed internet access for 81,145 households;
- utilization of available GPON network capacity for 22,610 units;
- migration of 68,470 subscribers from ADSL technology to GPON technology.

Additionally, the following activities are planned for 2025:

- installation and launch of 120 base stations in approximately 100 rural settlements;
- purchase of about 5,000 additional customer terminals to expand the network and increase the Company's service coverage.

GPON network modernization is also planned in 2025 in the cities of Almaty and the Almaty region, Karaganda, Kostanay, Shymkent, Petropavlovsk, and Taraz through the replacement of outdated station equipment.

For the implementation of the 2022–2024 projects, the following GPON equipment was purchased and delivered:

- in 2022 – for 4,592 PON ports in Almaty and for 3,776 PON ports in Karaganda;
- in 2023 – for 4,560 PON ports, of which 3,168 for the cities of Almaty, Kostanay, Karaganda and 1,392 for Shymkent and the Almaty region;
- in 2024 – for 624 PON ports in Kostanay, 1,520 in Petropavlovsk, and 1,296 in Taraz.

49,780 subscribers

connected to high-speed Internet in 644 apartment buildings

2,341 subscribers

connected to high-speed Internet in urban private housing sectors

CHANGES IN ORGANIZATIONAL STRUCTURE – A KEY TO STRENGTHENING CUSTOMER-CENTRICITY AND IMPROVING EFFICIENCY

To strengthen the customer service area, ensure effective work with clients, build long-term relationships, and achieve business goals, the position of Managing Director for Customer Service and Marketing Communications was introduced in the Retail Business Division – a branch of Kazakhtelecom JSC – under the direct supervision of the General Director of the Retail Business Division.

Under the direct supervision of the Managing Director for Customer Service and Marketing Communications are the following positions and structural units along with their personnel and functional responsibilities, without changes to working conditions or location: Customer Service Director, Digital Office Department, and Marketing Communications Department.

To consolidate the functions of supporting the universal service mechanism with all other projects under the GR direction, it is planned to transfer the authorized GR representatives from the Retail Business Division to the Government Relations Department of the Central Office.

SOCIAL RESPONSIBILITY

In 2024, the preferential tariff plan "Social" was available for people with special needs. The package includes unlimited internet access at a speed of 8 Mbps (ADSL) or 100 Mbps (FTTH), unlimited calls to landline numbers across the Republic of Kazakhstan, and calls to Altel/Tele2 operator numbers. The implementation of preferential tariffs emphasizes the high level of the Company's social responsibility and its willingness to care for its clients.

Significant efforts in 2024 were directed toward improving the quality of services provided. As part of the "SAPA+" project, more than 200,000 subscribers connected to internet services via optical lines (FTTx) were provided with free installation of additional equipment to achieve maximum access speeds.

>200,000

subscribers

received free equipment installation

STRATEGIC GOALS FOR 2025

- 30% growth in FTTx sales through the implementation of the "First in the House" project and the utilization of existing port capacity;
- Reduction of FTTx customer churn;
- Achievement of 1 million subscribers on the TV+ platform;
- FMS revenue growth of at least 11%;
- Construction of optical networks in 50,000c apartments under partnership programs.

CORPORATE BUSINESS

Kazakhtelecom is the leader of the telecommunications market in the Republic of Kazakhstan, including the corporate segment. The Company possesses the most advanced infrastructure, an extensive branch network, as well as strong technical and human resource potential.

139.2

KZT billion

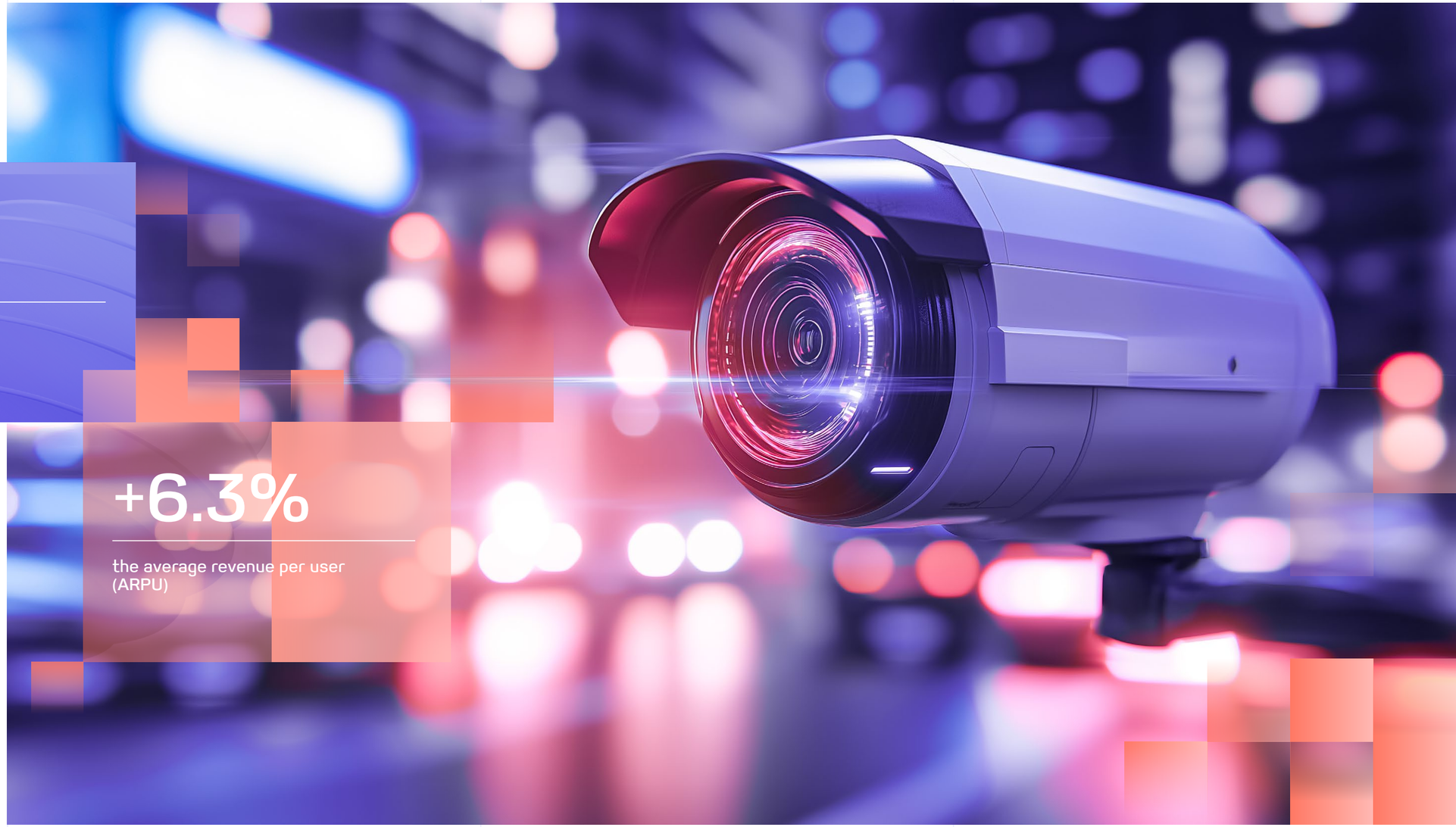
The Company's corporate segment revenue for 2024

The Company offers its clients a wide range of modern telecommunications services, including telephony, data transmission, internet access, and satellite communications.

Revenue in the corporate segment totaled KZT 139.2 billion in 2024, exceeding the target by KZT 3.2 billion or +2.3%. The average revenue per user (ARPU) increased by +6.3%.

15%

NPS (corporate segment)



+6.3%

the average revenue per user (ARPU)

PRODUCT DEVELOPMENT

To expand its product portfolio and strengthen its position in the B2B and B2G segments, the Company launched an innovative solution – the "AI Video Analytics Platform." This product is a modern service for viewing, recording, storing, and analyzing video footage from surveillance cameras using artificial intelligence technologies. Its objective is to provide clients with advanced tools to enhance security and automate video surveillance processes.

The product targets a wide range of users, including commercial enterprises (shops, supermarkets, restaurants, hotels, warehouses, and offices) and government organizations (schools, hospitals, police departments, local authorities, railway stations, and airports).

To improve safety and the quality of education, as well as to promote the digital transformation of educational institutions, Kazakhtelecom initiated a pilot project "AQYLDY MEKTEP." This project aims to implement SMART solutions that enhance learning conditions and ensure the safety of all participants in the educational process.

The pilot project was implemented in three educational institutions: in the city of Konaev, in the village of Arna (Almaty Region), and in the city of Atyrau. Each school underwent major upgrades, including the installation of a 500 Mbps internet channel with traffic filtering to block unwanted content, the deployment of a local Wi-Fi network, and the connection of surveillance cameras to the AI Video Analytics Platform. In addition, emergency buttons were installed with signal transmission to the Emergency Response Center.

Thus, the "AQYLDY MEKTEP" project became an important step towards digitalizing the educational environment and enhancing its safety.

PROJECT IMPLEMENTATION

INSTALLATION OF VIDEO SURVEILLANCE SYSTEMS IN EDUCATIONAL INSTITUTIONS

Almaty Region

In this region, 361 facilities have been connected to the video surveillance system. A total of 5,776 cameras were installed and integrated with the Kazakhtelecom JSC platform, with video recordings stored for 30 days. Real-time video streams are transmitted to the Emergency Response Center (ERC) of the Almaty Region Police Department, enabling continuous monitoring and rapid response to emergencies. Data transmission is carried out through isolated communication channels, ensuring the system's security and stability. The service contract was signed with the Municipal Public Institution "Almaty Regional Research and Practical Center for Information Technologies in Education" of the Department of Education of Almaty Region and remains valid through the end of 2025.

Atyrau Region

A total of 2,485 video surveillance cameras were installed in 202 educational institutions in Atyrau Region, including 2,081 cameras with audio and video recording capabilities in classrooms. This allows for effective monitoring of the educational environment and ensures student safety. Cameras were also installed at entrances to enhance access control. The video archive is stored on the Kazakhtelecom JSC platform for 30 days. Video streams are transmitted through secure channels to the ERC of the Atyrau Region Police Department, ensuring prompt monitoring and timely response to emergencies. The contract was signed with the Municipal Public Institution "Department of Education of Atyrau Region" and is valid until the end of 2026.

City of Karaganda

In the city of Karaganda, 86 educational institutions were connected to the video surveillance system, with a total of 2,064 cameras installed. Video streams are transmitted to the Kazakhtelecom JSC platform, where they are stored for 30 days and then forwarded to the ERC of the Karaganda Region Police Department. Additionally, the "Emergency Button" service was implemented at these educational institutions, with alerts transmitted directly to the police department, ensuring rapid response and support in case of incidents.

PROVISION OF REPUBLICAN L1 CHANNELS (ALIEN WAVELENGTH SERVICE)

A core data transmission network was established via the Kazakhtelecom JSC OTN (Optical Transport Network) using WDM technology in accordance with the OSI model. The service is provided to National Information Technologies JSC as part of the implementation of the Unified Transport Environment for government agencies of the Republic of Kazakhstan.

Service functionality: Provision of an alien wavelength (optical wavelength on existing OTN/DWDM networks of Kazakhtelecom JSC). The project provides an optical wavelength with a frequency of 100 GHz and bandwidth of 100 Gbps, in accordance with the Technical Specifications of the Trunk Network 2, to the buildings of local executive bodies (akimats) in 16 cities of the Republic of Kazakhstan: Astana, Almaty, Kokshetau, Kostanay, Petropavlovsk, Karaganda, Pavlodar, Oskemen, Taldykorgan, Taraz, Shymkent, Kyzylorda, Aktobe, Oral, Atyrau, and Aktau.

The client is National Information Technologies JSC. The contract is valid through the end of 2025.

TARIFF POLICY IN THE CORPORATE SEGMENT

In May 2024, the Company conducted a comprehensive revision of the tariff policy for internet access services in the corporate segment, improving the technical characteristics.

TV+ digital television service offerings were expanded: the number of channels in tariff plans for corporate clients was increased, and two new online cinemas — Salem and Kinoroom — were added. Specialized tariff plans were launched for sports bars, hotels and apartments, and rotational camps. Additionally, new tariff plans were developed for embassies, internet cafes, as well as for condominium committees (CC) and homeowners' associations (HA).

All of these measures implemented in 2024 helped strengthen the Company's position in the telecommunications market, provide corporate clients with a broader range of products tailored to the specific needs of their businesses, and increase their operational efficiency through innovative solutions from Kazakhtelecom JSC.

DEVELOPMENT OF INTERNATIONAL TELECOMMUNICATIONS SERVICES

One of the key focus areas of DKB is building mutually beneficial partnerships with major telecommunications operators, as well as expanding the range of telecommunications services offered to partners. In 2024, a new version of the Corporate Segment Price List was approved, which enabled the creation of more competitive conditions in the international telecommunications services market and strengthened DKB's position among international telecom operators in Central Asia.

In the reporting year, targeted efforts were made to increase DKB's share in the international segment, including:

- a memorandum was signed with international operator China Telecommunications Corporation to expand the transit interconnection network with a capacity of 7×100 Gbps along the China–Europe route for 2025–2027;
- contracts were concluded to organize transit channels with a capacity of 6×100 Gbps along the China–Europe route with the following companies: China Mobile International (UK) Limited, China Unicom Global, and China Telecommunications Corporation;
- transit channels were organized along the Europe–Uzbekistan route with a capacity of 2×100 Gbps for Uzbektelecom;
- a transit channel was organized along the Europe–Kyrgyzstan route with a capacity of 1×100 Gbps for Kyrgyztelecom.

In parallel with the implementation of new projects, the modernization of international voice interconnections continued, including the migration of traffic from the MSC to the NGN network. In 2024, voice traffic from the following operators was successfully transferred: MTT, China Telecom, Baikonur Svyaz Inform State Unitary Enterprise, Turkmentehnogurlushyk CJSC, Kyrgyztelecom, TransTeleCom Company JSC (TTK), and Rostelecom PJSC. The released channels on the MSC were decommissioned.

NETWORK DEVELOPMENT

In 2024, optical networks were commissioned throughout the territory of the Republic of Kazakhstan under Capital Investment Budget (CIB) projects, enabling high-speed internet access for 832 corporate segment facilities.

In 2024, the project "Establishment of communication channels for video traffic transmission to the Operations Control Center of the Police Department (OCC PD) from educational facilities in Atyrau Region" was implemented. The project included the installation of 2,485 surveillance cameras at 202 facilities under the jurisdiction of the Education Department. As part of the implementation, video streams from 404 cameras installed at entrance points were directed to the OCC PD, and video streams from 2,081 cameras with audio recording capability, installed in classrooms, were transmitted to the methodological center of the Education Department.

For 2025, the CIB provides for the construction and expansion of optical access networks across all regions of the Republic of Kazakhstan, including rural settlements. The total coverage will include 8,820 facilities.

In 2024, approximately 240 km of fiber-optic communication lines (FOCL) were laid, providing the technical capability to connect 374 schools. As a result, the share of schools in the Republic of Kazakhstan connected to FOCL increased by 5 percentage points – from 46% to 51%. As of the end of the reporting period, 3,998 out of 7,866 general education schools in the country were connected to FOCL.

Additionally, within the framework of PPP 1.0, internet access speed was increased fivefold – from 10 to 50 Mbps – in 891 rural schools previously connected via FOCL.

As part of the implementation of the national project "Comfortable School", 102 schools were provided with fiber-optic communication lines in accordance with the technical specifications of Kazakhtelecom JSC.

INTERNATIONAL AWARD

GCCM and the CC-Global Awards 2024 Ceremony. Kazakhtelecom JSC acted as a partner of the event and was also honored with the **"Regional Telecommunications Operator in the CIS 2024"** award.

The Carrier Community international event has been held annually since 2008 and brings together more than 4,500 participants from 90 countries around the world, including major international telecommunications operators, cloud technology companies, digital infrastructure providers, content providers, transit operators, data centers, software developers, and related industries. The CC-Global Awards Ceremony represents official recognition of achievements and innovations in the telecommunications sector. Winners are selected by an independent panel of industry experts and analysts.

As part of the conference, representatives of Kazakhtelecom JSC held negotiations and business meetings with leading international telecom operators, including **China Mobile International Limited (UK), PCCW, AzerTelecom, Lumen, Etisalat, Cogent, NTT, Tata Communications, Global Cloud Exchange, and others.**

2,485 surveillance cameras

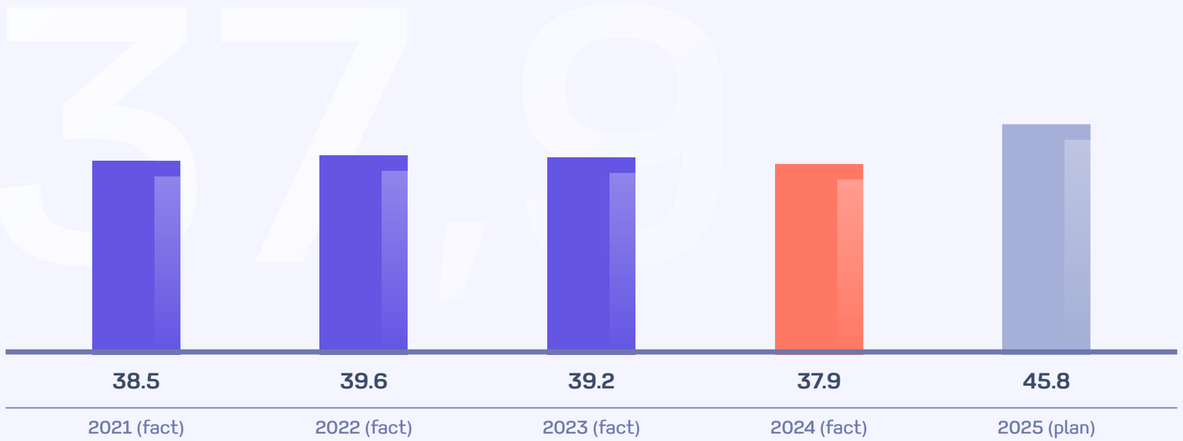
installed in educational institutions of Atyrau region

3,998 schools

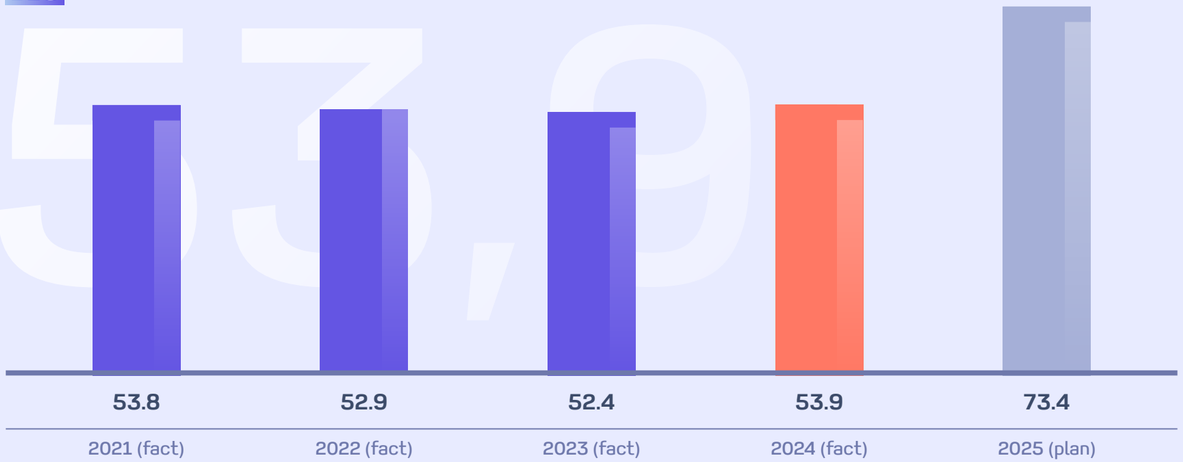
were connected to FOCL by the end of 2024

COMPANY REVENUE IN THE CORPORATE SEGMENT, KZT BILLION

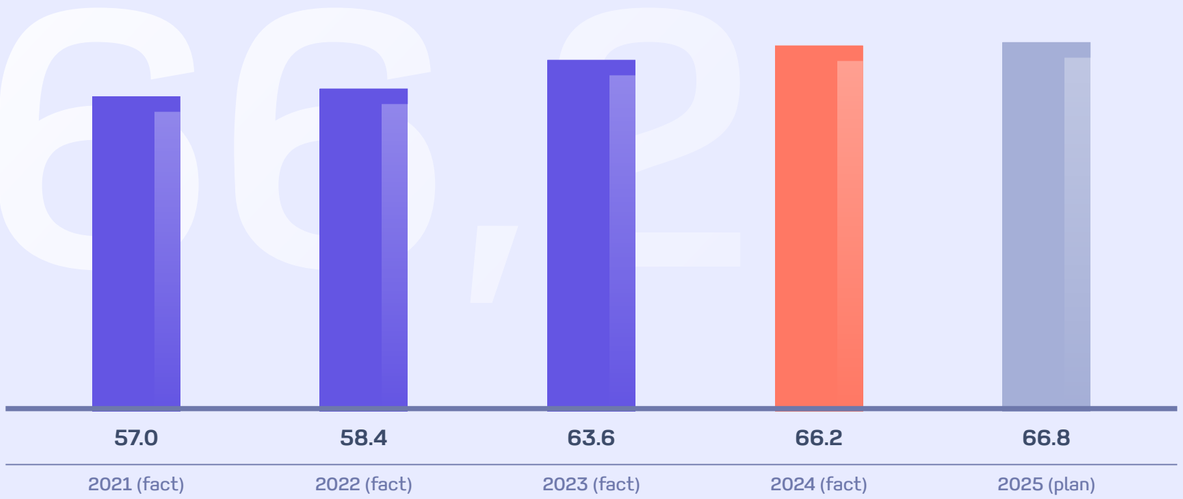
B2B



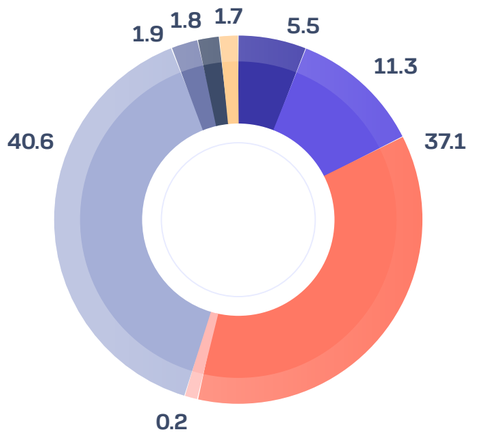
B2G



B2O



COMPANY REVENUE STRUCTURE IN THE CORPORATE SEGMENT, 2024, %

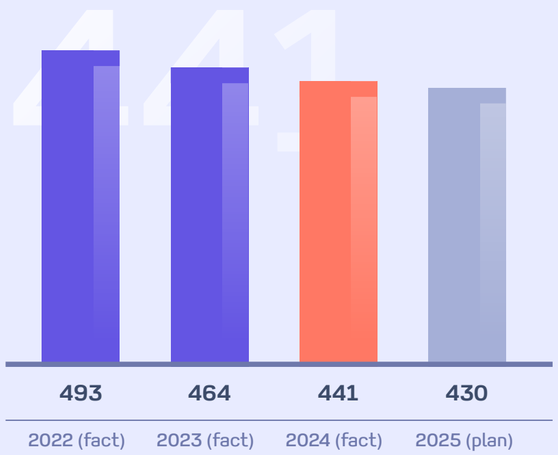


- Telephony
- International Telecommunications Market
- Domestic Telecommunications Market
- Television
- Data transmission
- New Businesses
- Corporate Infocommunication Services
- Other Services

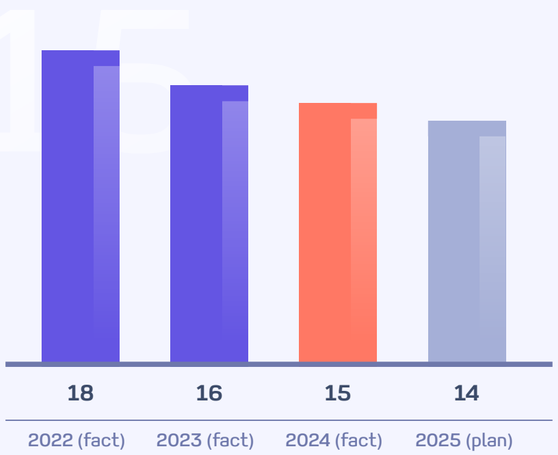
In the structure of the Company's revenue in the corporate segment, the largest share – 40.6% – is attributed to revenue from data transmission network services. Revenue from cooperation with operators in the Republic of Kazakhstan accounted for 37.1%, while revenue under agreements with international operators amounted to 11.3%.

DYNAMICS OF VOLUME INDICATORS IN THE B2B AND B2G SEGMENTS, THOUSAND DEVICES

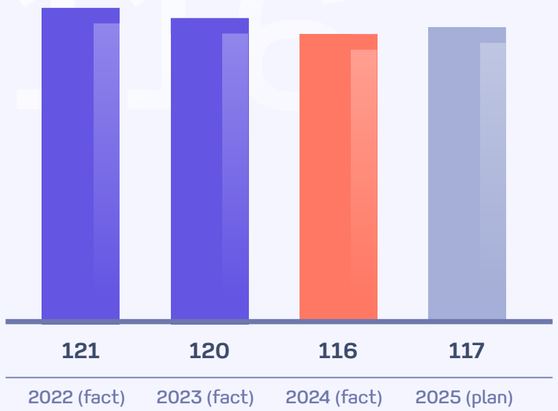
FIXED-LINE



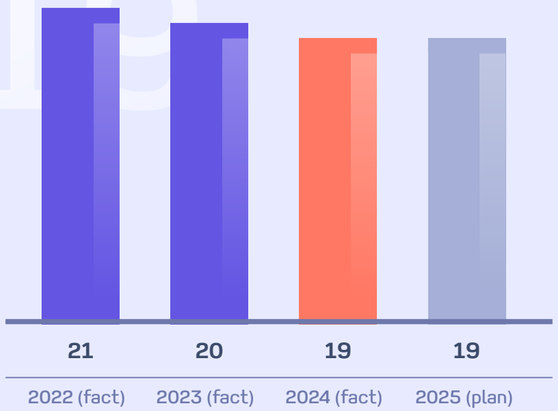
TV



FBB



IP VPN



The decline in fixed-line sales is a global trend driven by the development of substitute services – messengers and social networks. Due to the formation of new regions, client relocations to new regional centers, inventory reviews, and cost-cutting measures, corporate networks were optimized, leading to the decommissioning of fixed-line (FL), broadband (BB), TV, and IP VPN service points.

Based on the results of 2024 compared to 2023, the commercial indicator ARLB for providing fixed broadband (FBB) to the Internet network increased by 2,800 tenge per month per connection, which is an 11.7% increase. For the provision of IP VPN, there was a decrease of 1,400 tenge (-1.6%) per month per connected point.

By the end of 2024, the customer base in the B2X segments consisted of 96,750 BINs, including 384 BINs from telecommunications operators in the B2O segment, 15,283 BINs from government organizations in the B2G segment, and 81,083 BINs from business companies in the B2B segment.

+11.7%

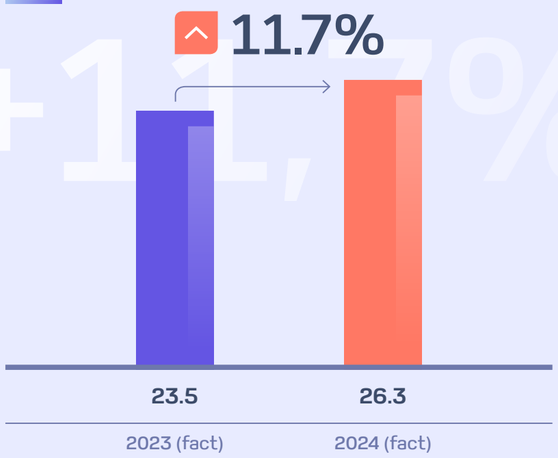
the growth of the ARLB indicator for providing broadband Internet access in 2024.

-1.6%

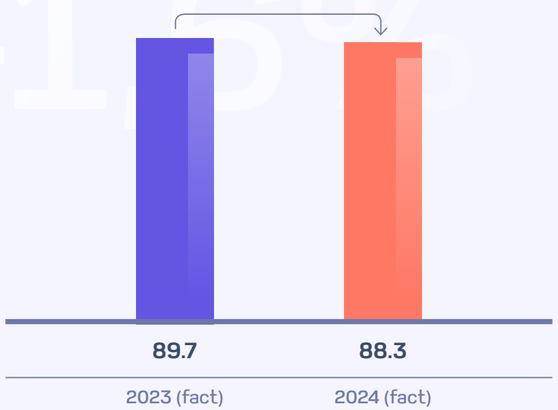
the decrease in the ARLB indicator for providing IP VPN in 2024

ARLB GROWTH IN 2024 COMPARED TO 2023 BY SERVICE TYPE (INTERNET ACCESS AND IP VPN, B2B + B2G), %

FBB



IP VPN



INFORMATION TECHNOLOGY

Kazakhtelecom provides its clients with a wide range of infocommunication services essential for digital business–from physical placement of customer equipment in data centers and virtual infrastructure to SaaS services for information security, website development, conferencing, and more.

2024 marked another successful stage in the development of the ICT segment for Kazakhtelecom JSC. The Information Technology Division (ITD) continued to improve both internal and customer-facing processes, with a focus on cloud solutions development, data management, and infrastructure modernization. The stable demand for commercial data center and cloud services confirms their relevance among the company's clients.

One of the key areas of development in 2024 was the modernization of data center infrastructure, including the expansion of the bunker-type data center in the city of Akkol, the development of a cloud services portfolio, and the active implementation of big data solutions. These measures contribute not only to improving service quality but also to strengthening the company's position in the ICT solutions market.

21.45

KZT billion

revenue from Kazakhtelecom JSC's products and projects based on data center infrastructure[3]

19.94

KZT billion

ICT revenue for the full year 2024[4]

[3] The reporting data covers exclusively Kazakhtelecom JSC.
[4] The reporting data covers exclusively Kazakhtelecom JSC.

DEVELOPMENT OF THE DATA CENTER NETWORK

In 2024, the IT Division maintained its leadership in the Kazakhstani data center and cloud services market. The company operates a network of 23 data centers with more than 1,600 rack spaces (65,000 units).

One of the key achievements was the completion of a new sealed area at the bunker-type data center in Akkol, located 120 km from the capital. This is the company's largest project, implemented in compliance with TIER II standards and incorporating elements of TIER III. The center ensures a high level of data protection thanks to the N+1 redundancy system, which guarantees uninterrupted operation even in the event of individual component failures.

The data center in Akkol was selected for the implementation of the new project due to its unique location and technical characteristics. As an underground bunker-type facility, it provides additional protection from external factors, including dynamic loads and electromagnetic interference, meeting the most stringent customer requirements. This makes the site optimal for hosting critical IT resources and ensures a high level of reliability.

In 2025, Kazakhtelecom JSC plans to begin construction of a new TIER III data center in the city of Astana, which will become one of the company's largest facilities. The data center will have a capacity of 250 racks, 25 of which will be allocated for artificial intelligence projects. The project aims to meet the growing demand for data center services in the capital and to provide businesses with highly reliable infrastructure for data storage and processing.

During 2024, the company upgraded the engineering infrastructure of existing data centers, including power supply, cooling, and security systems. New uninterruptible power supplies (UPS) were commissioned at data centers in Almaty and Astana, enhancing the resilience of critical facilities. In 2025, the company plans to continue updating engineering systems, including replacing batteries at key data centers.

23

data centers

in major cities and regional centers of the Republic of Kazakhstan

1,600

racks in data centers

DEVELOPMENT OF CLOUD SERVICES

In terms of cloud services development and portfolio expansion, the ITD is advancing its proprietary virtual resource infrastructure and infrastructure solutions based on its own data centers, as well as through partnerships. As part of this effort, in 2024 the ITD, together with Smart Cities LLP (a member of the BTS Digital group), launched an IaaS and PaaS platform with self-service capabilities on the ismet.kz platform. Four Kazakhstan-developed cloud services were launched, fully implemented on the telecom operator's own infrastructure. These services aim to simplify data management, reduce IT resource costs, and decrease dependency on foreign providers for domestic companies and government institutions.

Currently, customers of the telecom operator can purchase four cloud services on the ismet.kz portal: "Compute Cloud," "S3 Object Storage," "Kubernetes," and "Database as a Service." Additionally, the platform offers hourly billing, allowing clients to scale their projects and pay only for the time during which the systems are actually in use.

In 2025, the product range is expected to expand further, alongside increased capacity at Kazakhtelecom's data center resources, enabling a higher level of service for businesses and government entities.

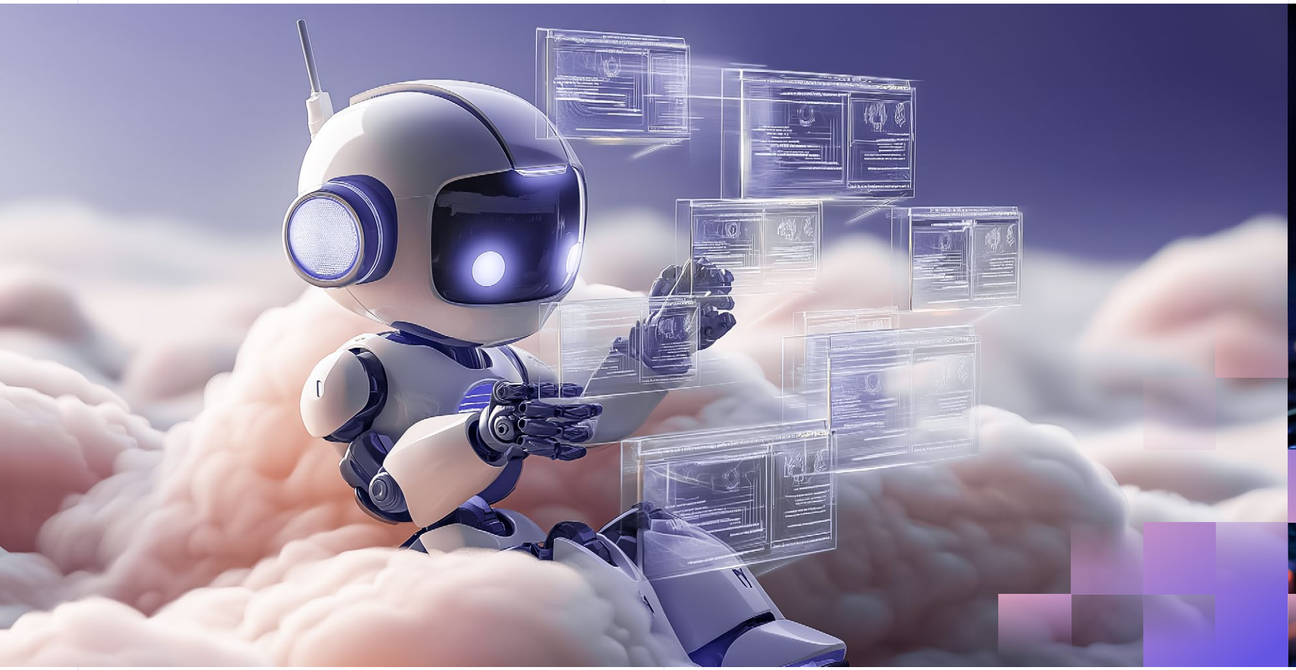
INFORMATION SECURITY

In 2024, the ITD implemented a number of key initiatives aimed at enhancing information security and increasing the reliability of the corporate infrastructure. One of the most significant achievements was the launch of a fully functional Security Operations Center (SOC), which operates on a 24/7 basis.

As part of a large-scale transition to the Zero Trust model, the second stage was completed in 2024, involving the deployment of modern software and hardware information security tools. This significantly strengthened the company's resilience to cyber threats and ensured the protection of critical business processes.

In 2025, the ITD plans to implement the third stage of the information security system modernization. In addition, an external audit is planned to assess compliance with the international ISO 27001 standard. This audit will confirm the high level of maturity of the company's cybersecurity processes and its alignment with global cybersecurity requirements.

Also in 2025, a set of initiatives aimed at improving employee cyber hygiene is planned, with a focus on minimizing human factor risks and fostering a culture of safe behavior in the digital environment.



NETWORK AND INFRASTRUCTURE DEVELOPMENT

In 2024, as part of the implementation of investment projects for the technical development and maintenance of the Company's telecommunications networks, the following key areas of network development were pursued:

- backbone transport network;
- data transmission network;
- access network.

6×100 Gbps

transit channels have been organized on the China-Russia route with 1+1 redundancy

>1,400 Gbps

cache servers of leading international platforms (Cloudflare, Microsoft, VK, and others) have been connected

70,291 subscribers

were migrated to GPON optical networks under the Tazartu program

TRANSPORT NETWORK

Several significant initiatives were completed as part of the development of the backbone transport network:

- Six units of OSA5422 frequency and time synchronization equipment were installed in the cities of Almaty, Astana, and Shymkent, and a centralized ENC management system was implemented. This enabled the provision of comprehensive phase and frequency synchronization services to mobile operators in support of 5G networks.
- Transit channels with a capacity of 6×100 Gbps were established in the China–Russia direction with 1+1 redundancy, enhancing the resilience of international traffic.
- Sixteen 100 Gbps channels were created on the backbone DWDM network to connect central nodes in Shymkent, Almaty, Zhezkazgan, Karaganda, and Konaev.
- A 100 Gbps channel was organized to the Turkestan DC to improve communication quality for the B2B segment and government agencies.
- 43 ATN910-M routers were installed at stations across six regions.
- Construction was completed on 28 fiber-optic communication line (FOCL) segments with a total length of 129 km to connect mobile operator base stations.

DATA TRANSMISSION NETWORK

In 2024, the data transmission network was strengthened, ensuring increased capacity and reliability of services:

- 62×100 Gbps links between BNGMX and SORM and 24×100 Gbps between INET-PE and SORM were organized in 10 cities.
- Cache servers of leading international platforms (Cloudflare, Microsoft, VK, and others) were connected, with a total capacity exceeding 1,400 Gbps.
- 169 5G base stations were connected for KCELL and MTS LLP operators.
- Migration of customer channels to modern Juniper MX104 equipment was completed to enhance network reliability and performance.
- External internet channel connectivity was optimized, increasing the average capacity to 100 Gbps and improving the stability of international routes.

ACCESS NETWORK

The access network saw active development aimed at improving service quality for subscribers:

- 70,291 subscribers were migrated to GPON optical networks under the Tazartu program.
- 5,015 ports of outdated G-PON OLT equipment were replaced in the country's largest cities.
- The rate of individual malfunctions was reduced by 12% compared to the previous year.
- As part of the Master of the Optical Network professional skills competition, 160 households in the village of Birlik were connected, demonstrating the social orientation of the Company's activities.

PLANS FOR 2025

- Continued construction of communication channels to 5G base stations.
- Participation in the FOCL-laying project across the bottom of the Caspian Sea.
- Expansion of transit capacity on the China–Europe route.
- Connection of at least 70,412 subscribers under the Tazartu program.
- Completion of the Sapa+ project.
- Reduction of analog TV subscribers by 10,000.
- Construction of BKV: 55–72 SNPs, up to 94,754 ports.
- Connection of 301 educational institutions.
- Network optimization through decommissioning of at least 70 telephone exchanges and freeing over 1,000 m^2 of company-owned space.

BIG DATA DEVELOPMENT

In 2024, the IT Division significantly expanded its data capabilities by launching the Informatica DataGovernance platform. This tool includes modules for business term management (Axon), data cataloging (Enterprise Data Catalog), and data quality control (Data Quality). These solutions enable systematic data organization, error detection, and ensure accuracy and relevance.

The Company is also actively developing data monetization initiatives. In cooperation with telecommunications and financial organizations, projects are being implemented for scoring individuals and legal entities, analyzing purchasing preferences, and developing analytical services based on fiscal data operator (FDO) databases. Solutions have been launched for small and medium-sized businesses, allowing companies to access market and consumer analytics.

An important step was the development of artificial intelligence-based solutions. In 2024, chatbots were launched for automated information processing, as well as deep data analysis models capable of predicting user behavior and offering personalized solutions. Automated processing of large volumes of documents was also implemented, helping companies save time and resources.

In 2025, the Company plans to continue developing the Data Factory platform, expanding analytical services, and integrating new AI-based solutions. The primary focus will be on improving data quality and its applicability to business processes.

Tools involving Big Data enable Kazakhtelecom to offer a personalized approach to each customer and are also used to enhance internal operations.

«The Data Factory, a specialized unit within Kazakhtelecom, handles data collection, processing, cleansing, and transformation. The unit supports the Company's business divisions in analytics and the practical use of data.

The Data Factory plays a key role in Kazakhtelecom's digital transformation, fostering a data-driven culture and supporting management decision-making through analytics. It also contributes to the development of new data-driven products and services, supporting additional revenue growth and reinforcing the Company's position as a multi-service digital service provider.

The Data Factory project has received international awards for its contribution to the development and promotion of Big Data management technologies.

DIGITALIZATION OF CUSTOMER JOURNEYS

In 2024, the Company continued to enhance its digital communication channels with customers. In line with current trends, nearly 80% of B2B clients resolve their inquiries via the ismet.kz personal account, gaining access to all essential services online. A major milestone was the optimization of the customer journey, particularly the launch of a convenient calculator for data center service cost estimation, enabling clients to independently determine the most cost-effective solutions. On the ismet.kz platform, clients can now order cloud services, rent racks in a data center, or connect to Colocation services in just a few clicks.

In 2025, further modernization of the online platform is planned, including expanded functionality, integration of new analytical tools, and improvements to the user interface, to make interaction with IT services even more convenient and efficient.

FINANCIAL PERFORMANCE AND STRATEGIC PLANS

Revenue from data center-based services totaled KZT 21.5 billion in 2024, indicating strong demand for cloud and infrastructure solutions, including:

- Basic Data Center & Cloud services: **KZT 13.9 billion**;
- Digital products based on data center infrastructure (Product Labeling, Online Fiscal Data Operator, IoT, etc.): **KZT 7.6 billion**.

21.5 KZT billion

revenue from data center-based services in 2024

In 2025, the Department of Information Technologies (DIT) will focus on completing the third phase of IT infrastructure modernization, launching new AI-based services, developing omnichannel solutions for B2B and B2C clients, and integrating the SAP system with the SAP HANA multimodel database. DIT will continue to actively improve the Company's information systems and ensure the high reliability of digital solutions aligned with global standards. The work completed in 2024 laid a solid foundation for the Company's further development, ensuring its stability and the increased efficiency of business processes.

FINANCIAL PERFORMANCE FOR 2024

GRI 2-6

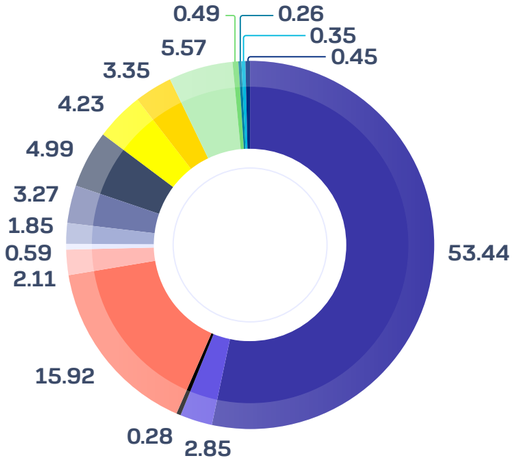
744,491 KZT million[5]

Consolidated revenue from services across Kazakhtelecom JSC Group in 2024

The largest shares in 2024 were generated by:

- Data transmission services, accounting for 53.4% of total revenue;
- Mobile communications, accounting for 15.9%;
- Sales of goods, accounting for 5.6%;
- Provision of convergent services (FMS/FMC), accounting for 4.2%;
- Pay-TV services, accounting for 3.3%;
- Local fixed-line services, accounting for 2.8%;
- Agreements with international operators, accounting for 2.1%.

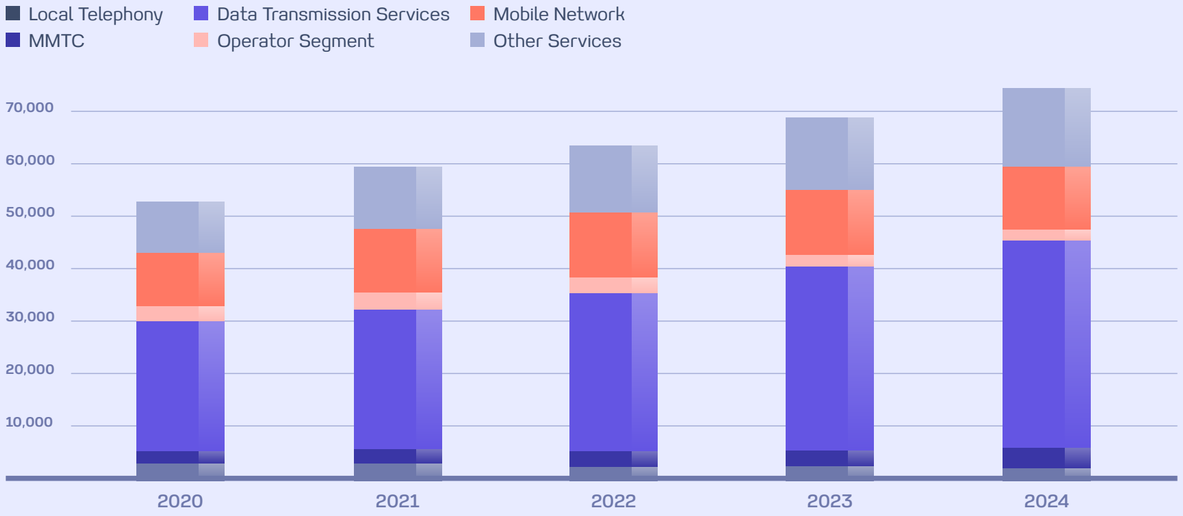
REVENUE STRUCTURE ACROSS KAZAKHTELECOM JSC GROUP FOR 2024, %



- Data Transmission Network
- Local Telephony
- Lease of Transport Network Channels
- Mobile Communications
- Agreements with international operators
- Long-Distance and International Telephony
- Corporate Infocommunication Services
- Calls to Subscribers of Third-Party Operators, including Mobile Operators
- Other
- Revenue from Providing Converged Services (FMS/FMC)
- Pay TV
- Revenue from Goods Sales
- Fiscal Data Operator (FDO) Services
- Revenue from Agreements with Telecom Operators Connected to Kazakhtelecom JSC Network
- Video Surveillance
- Product Marking and Traceability

[5] Including Mobile Telecom-Service LLP.

DYNAMICS OF THE MOST SIGNIFICANT REVENUE ITEMS OVER 5 YEARS, KZT MILLION



LOW-PROFITABILITY AND SOCIALLY SIGNIFICANT PROJECTS

In accordance with the corporate standard of Samruk-Kazyna JSC, low-profitability investment projects initiated by the Government of the Republic of Kazakhstan are defined as those where:

- The Net Present Value (NPV) is equal to or below zero;
- The Internal Rate of Return (IRR) is lower than the required equity return rate of the Sovereign Wealth Fund.

As of the end of 2024, the Company did not implement any low-profitability or socially significant projects subject to disclosure under Clause 18 of the Fund's Corporate Governance Code.

SUSTAINABLE DEVELOPMENT REPORT

4

Sustainability Management 57
Sustainable Development Report: Aspect E 74
Sustainable Development Report: Aspect S 94
Sustainable Development Report: Aspect G 123

SUSTAINABILITY MANAGEMENT

MANAGEMENT APPROACH

Kazakhtelecom is committed to long-term sustainable development, considering ESG factors – environmental protection, social responsibility, and enhanced corporate governance – as fundamental elements of its strategy. The Company's approach to management and initiative development is deeply guided by the Sustainable Development Goals, aimed at creating long-term value for society, the economy, and future generations.

In 2024, Kazakhtelecom JSC made significant progress in the area of sustainable development, recognized at the international level. According to an assessment conducted by the independent rating agency S&P Global, the Company's ESG rating under the CSA methodology reached 50 out of 100 points – an 18-point increase from the 2023 score of 32.

The rating growth reflects the systemic efforts of Kazakhtelecom JSC to strengthen ESG practices, improve reporting, and enhance transparency. Special focus was placed on climate risk management, stakeholder engagement, and compliance with international sustainability standards.

KEY SUSTAINABILITY-RELATED DOCUMENTS

GRI 2-23

- ESG Strategy (approved by the Board of Directors, Decision No. 15 dated September 19, 2024);
- Sustainability Policy (updated and approved by the Board of Directors, Decision No. 5 dated April 21, 2023);
- Environmental Policy (updated and approved by the Board of Directors, Decision No. 5 dated April 21, 2023);
- Human Rights Policy (approved by the Board of Directors, Decision No. 6 dated May 30, 2023);
- Policy on Equal Opportunities, Inclusion and Diversity (approved by the Board of Directors, Decision No. 6 dated May 30, 2023);
- Policy on Engagement with Local Communities (approved by the Board of Directors, Decision No. 6 dated May 30, 2023);
- Occupational Health and Safety Policy (approved by Management Board Decision No. 2/7 dated January 27, 2020);
- Anti-Corruption Policy (updated and approved by the Board of Directors, Decision No. 11 dated September 19, 2023);
- Whistleblowing Policy on Alleged Unethical/Improper Conduct (approved by the Board of Directors on December 8, 2023);
- Employee Experience Strategy (approved by the Board of Directors, Decision No. 8 dated July 21, 2021);
- Personal Data Protection Policy of Kazakhtelecom JSC (approved by Order No. 313 dated October 6, 2023);
- Information Policy of Kazakhtelecom JSC (approved by Order No. 153 dated July 19, 2023);
- Code of Business Ethics (approved by the Board of Directors, Decision No. 14 dated May 28, 2019);
- Corporate Governance Code (approved by the Extraordinary General Meeting of Shareholders, Decision No. 56 dated December 7, 2015);
- Samruk-Kazyna JSC Procurement Rules;
- Supplier Code of Conduct (approved by the Board of Directors, Decision No. 2 dated February 11, 2022);
- International Standards: ISO 14001, ISO 26000, ISO 9001, ISO 45001.

All stakeholders can access these documents on the Company's website: telecom.kz.

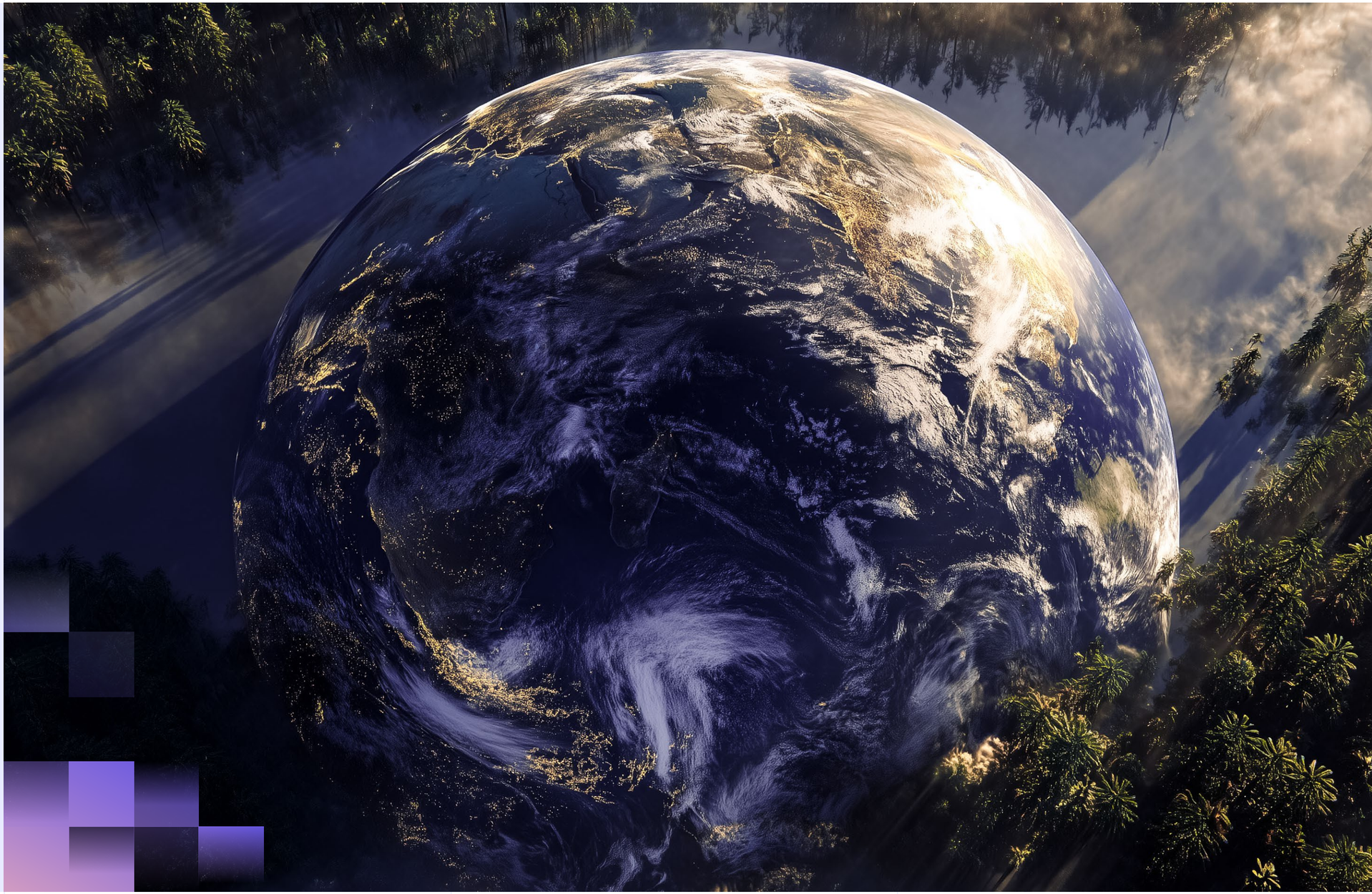
In addition, the Company informs employees about newly adopted documents, including those related to sustainability, via internal email notifications.

ESG STRATEGY OF KAZAKHTELECOM JSC FOR 2024–2032

In 2024, Kazakhtelecom JSC approved its ESG Strategy for 2024–2032, establishing sustainability as an integral component of strategic management. The document is the result of an in-depth ESG diagnosis that identified key risks, opportunities, and priority areas across environmental, social, and governance domains. The ESG Strategy is seamlessly integrated into the corporate development strategy JRun, enhancing its implementation through a structured approach to ESG factor management and long-term value creation.

The Strategy outlines a clear and structured action plan, reflecting the Company's sustainability ambitions. Its implementation reaffirms Kazakhtelecom JSC's commitment to responsible business practices and readiness to contribute to addressing global challenges, including climate change, social equity, and governance improvement.

The ESG Strategy provides detailed initiatives for each area, which the Company has already begun integrating into its operations. The implementation of these initiatives confirms Kazakhtelecom JSC's adherence to sustainability principles and establishes a robust foundation for long-term business growth and resilience.



PRINCIPLES OF KAZAKHTELECOM JSC IN THE FIELD OF SUSTAINABLE DEVELOPMENT

Openness

We are open to dialogue with all stakeholders to build long-term cooperation based on mutual interests, respect for rights, and a balance between our interests and those of stakeholders.

Accountability

We recognize our responsibility for our impact on the economy, environment, and society, and our accountability to shareholders and investors for the long-term growth of the Company's value and sustainable development on a long-term basis.

Transparency

All our decisions and actions are based on transparency and timely disclosure of information to stakeholders.

Ethical Conduct

Our decisions and actions are based on our values, such as respect, honesty, openness, teamwork and trust, conscientiousness, and fairness.

Respect

We respect the rights and interests of stakeholders.

Legality

We make decisions and act in compliance with the legislation of the Republic of Kazakhstan.

Zero Tolerance for Corruption

We show zero tolerance for corruption in all its forms in interaction with all stakeholders. Officials and employees involved in corrupt activities are subject to dismissal and prosecution in accordance with the laws of the Republic of Kazakhstan.

Human Rights

We comply with and promote human rights as stipulated by the Constitution of the Republic of Kazakhstan and international documents, such as the Universal Declaration of Human Rights. We categorically reject and prohibit the use of child labor. Our employees are our main value and key resource. The results of our activities and the value created for investors directly depend on their level of professionalism and safety.

Inadmissibility of Conflict of Interest

All violations related to conflicts of interest can damage the Company's reputation and undermine the trust of shareholders and other stakeholders. Also, the personal interests of an official or employee should not influence the impartial performance of their official, functional duties.

Personal Example

Each of us, through our daily actions, behavior, and decision-making, contributes to the implementation of sustainable development principles.

MISSION OF KAZAKHTELECOM JSC

Formation of a long-term ESG agenda at the level of a leading telecommunications company, exerting minimal impact on the environment. The Company's scope of activity is aimed at the primary improvement of social security, without limiting economic growth.

SUSTAINABLE DEVELOPMENT MANAGEMENT STRUCTURE

GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-14

The Company is consistently developing its sustainable development management system, ensuring its integration at all levels of corporate governance. The ESG agenda remains a constant area of focus for the Board of Directors, which approves relevant policies, monitors the implementation of initiatives, and ensures strategic alignment of the Company's activities with sustainability principles.

The Board of Directors:

- defines the Company's strategy and key areas of activity in the field of sustainable development;
- reviews and approves sustainability reporting;
- oversees the integration of sustainability principles into the Company's operations;
- manages sustainability-related risks, including climate risks.

The Board of Directors regularly (annually and quarterly) receives reports on the Company's performance in the field of sustainable development.

To ensure a more systematic approach to these matters, the Audit and Sustainable Development Committee has been established and operates at Kazakhtelecom JSC. Its functions related to the oversight of sustainability include:

- preliminary approval of the Company's Annual Report in terms of the quality of disclosed non-financial information;
- developing recommendations for the Board of Directors on sustainability-related topics and the implementation of ESG and low-carbon development principles;
- overseeing the transformation of business processes in line with sustainability principles, ethical conduct, and responsible investment;
- recommending to the Board of Directors the approval of new and the evaluation of existing sustainability policies, plans, and programs, as well as priority projects, key actions, and initiatives;
- reviewing issues related to low-carbon development and carbon footprint management, including potential risks and constraints posed by the global climate agenda;
- providing recommendations to the Board of Directors regarding alignment of the Company's activities, corporate reporting, and documentation with the requirements of international sustainability ratings, and monitoring implementation of measures to improve the Company's performance in such ratings;
- monitoring the quality of the Company's public sustainability disclosures.

GRI 2-13

The unit responsible for sustainability management at Kazakhtelecom JSC is the Department of Corporate Governance and Sustainable Development. The Department regularly conducts an inventory of internal regulatory documents, policies, practices, and internal control systems, as well as identifies and manages sustainability risks. At least semi-annually, the Department submits sustainability-related matters to the Audit and Sustainable Development Committee for review, including approval of new documents, performance reporting, and other significant topics.

Implementation of sustainability principles, adoption of policies and standards, and accurate disclosure of information are supervised by the Chairman of the Management Board and General Directors of branches, in line with the Company's action plan. Oversight of ESG goal achievement and key performance indicators is entrusted to the Chief Administrative Officer. Internal communications on ethics and standards compliance are handled by the Compliance Officer/Head of the Compliance Service, while external communications with the public fall under the responsibility of the Press Secretary.

Structural units responsible for human resource management, occupational safety, industrial safety, and environmental protection implement specific elements of the ESG agenda, initiate and coordinate sustainable development projects, and contribute to the achievement of the Sustainable Development Goals. The Head Office of Kazakhtelecom JSC oversees the implementation and results of these initiatives.

STRATEGIC ESG GOALS

Strategic priorities of Kazakhtelecom JSC in sustainable development:

- Integration of innovative infocommunication technologies and improving service quality to enhance population well-being;
- Ensuring sustainable and inclusive economic growth;
- Reducing environmental impact through improved energy efficiency and rational use of natural resources;
- Creating a safe, inclusive, and motivating working environment that fosters employee development and well-being.

To implement key ESG initiatives, the ESG Development Roadmap of Kazakhtelecom JSC is updated annually. In 2024, over 90 activities were carried out under the Roadmap, aimed at improving corporate governance, reducing environmental impact, enhancing social responsibility, and increasing operational transparency.

KEY ESG INITIATIVES OF THE COMPANY

ENVIRONMENTAL ASPECT

- Assessment and reduction of energy consumption in operations to improve energy efficiency;
- Setting targets to reduce GHG and pollutant emissions in line with international standards; investing in greenhouse gas offset projects;
- Waste management.

SOCIAL ASPECT

- Strengthening data protection and client confidentiality; ensuring accessibility of telecommunications services for all, including people with disabilities;
- Implementing diversity and inclusion programs in the workplace;
- Providing opportunities for training and career development;
- Promoting health and safety of employees;
- Supporting local communities through CSR initiatives.

GOVERNANCE ASPECT

- Ensuring an inclusive and independent Board of Directors;
- Developing robust anti-corruption policies and procedures; promoting ethical business conduct;
- Managing, identifying, and mitigating ESG-related risks.

ENVIRONMENTAL ASPECT

Reduction of energy consumption, equipment modernization, waste management, and launching low-carbon initiatives.

SOCIAL ASPECT

Occupational safety, development of an inclusive environment, employee training, and community engagement.

GOVERNANCE ASPECT

Development of anti-corruption practices, integration of ESG risks into management, and enhancing corporate governance efficiency.

[6] These activities were implemented in 2023.

KEY PERFORMANCE INDICATOR RESULTS FOR 2024

GRI 403-9, 401-1

ENVIRONMENTAL ASPECT[6]

0%
Reduction of lighting system energy consumption through energy-saving bulbs

0%
Reduction of lighting system energy consumption through motion sensors

0%
Reduction of PC energy consumption through sleep mode and shutdown

0%
Reduction of energy consumption through transition from copper to fiber-optic lines

SOCIAL ASPECT

84%
NPS (Net Promoter Score) – Consumer loyalty index

68%
SRS Index

38%
Internal user satisfaction (ENPS)

0.19
LTIF

GOVERNANCE ASPECT

14%
Share of women on the Board of Directors and Executive Body

0.05%
Reduction of employee turnover to 5%

ISO 37001 certification

In 2024, Kazakhtelecom JSC successfully passed the certification assessment and obtained a Certificate of Compliance with ST RK ISO 37001.

Annual corruption risk assessment across all departments where corruption risks may arise

75% of structural units were assessed for corruption-related risks

ESG (climate) risk identification

In 2024, qualitative and quantitative assessments of climate risks and opportunities were conducted.

RISK-BASED APPROACH TO SUSTAINABLE DEVELOPMENT

Kazakhtelecom JSC conducts annual assessments of sustainability-related risks and opportunities. The assessment process includes an analysis of ESG factor impacts on internal and external stakeholders.

KEY IMPACTS, RISKS, AND OPPORTUNITIES (SWOT ANALYSIS) OF KAZAKHTELECOM JSC IN SUSTAINABLE DEVELOPMENT

STRENGTHS

Economic Aspect

- Innovation and technological advancement;
- Local economic growth.

Social Aspect

- Dynamic Company development;
- Urbanization growth.

Environmental Aspect

- Growing relevance of environmental pollution and natural resource depletion issues.

WEAKNESSES

Economic Aspect

- Slowing global economic growth;
- Potential political instability;
- Potential economic crisis due to the pandemic.

Social Aspect

- Customer dissatisfaction due to ICT service disruptions;
- Intensifying competition.

Environmental Aspect

- Natural resource depletion;
- Climate change;
- Environmental pollution;
- Global consumption growth.

OPPORTUNITIES

Economic Aspect

- Market coverage expansion;
- Development of new technologies for business and government;
- Growing demand for ICT services due to the pandemic.

Social Aspect

- Smart home technology solutions;
- Advantages of cloud storage for the public;
- Enhancing education and healthcare through ICT.

Environmental Aspect

- Adoption of sustainable development principles;
- Greening of industries.

THREATS

Economic Aspect

- Changes in governance structures;
- Political tensions, cyberattacks.

Social Aspect

- Geopolitical risks;
- Social vulnerabilities including strikes and protests.

Environmental Aspect

- Increase in local environmental issues;
- Stricter environmental regulations.

CONTRIBUTION TO THE ACHIEVEMENT OF THE SUSTAINABLE DEVELOPMENT GOALS

The Company supports the global United Nations 2030 Agenda for Sustainable Development and aligns its operations with the UN Sustainable Development Goals (SDGs).

Kazakhtelecom JSC acknowledges the importance of all 17 SDGs and highlights nine key Goals that are especially relevant to the telecommunications sector, the Company's specific operations, and the implementation of its Strategic Growth Areas.

PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

PREFERRED BRAND

SDG 11

Make cities and human settlements inclusive, safe, resilient and sustainable.

SDG 15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

SDG 17

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

DIGITAL PLATFORM

SDG 10

Reduce inequality within and among countries.

SDG 12

Ensure sustainable consumption and production patterns.

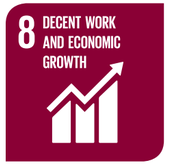
SDG 16

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

EFFICIENT ORGANIZATION

SDG 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



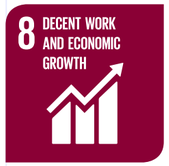
SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

SDG 9

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

UN SDG	Relevant SDG Target	Projects, Initiatives, and Activities of Kazakhtelecom JSC	2024 Results
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	**4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	› Operation of the Corporate University of Kazakhtelecom JSC aimed at cooperating with educational institutions and providing opportunities for student internships within the Company. › Training programs in the following areas: Leadership Academy, EX Academy, HSE&ESG Academy, Service and Sales Academy, Technical Academy, IT Academy, Qazaq & English Academy, Finance Academy, Jas Academy.	› **39,732 learners** trained in 2024. › Average number of training hours per employee – **30.80.**
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	**8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.	› Continuous improvement of network infrastructure. › Development of innovation and new businesses: 5G, IoT, Smart City, product labeling, etc. › Technical development and network support.	› Over **91,000 km** of fiber optic network coverage. › GPON network modernization in Almaty and Karaganda through replacement of outdated station equipment.
	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	› Implementation of the Human Rights Policy, Equal Opportunity, Inclusion and Diversity Policy, and Community Engagement Policy. › Provision of social support for employees, including under the Collective Agreement.	› **92%** of employees covered by the Collective Agreement. › Over **KZT 300 million** in total social payments under the “Demeu” program.

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

UN SDG	Relevant SDG Target	Projects, Initiatives, and Activities of Kazakhtelecom JSC	2024 Results
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	**9.1** Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.	› Implementation of the "Tazartu" program to modernize network infrastructure. › Implementation of the "SAPA+" program aimed at upgrading user routers to improve service quality; › Development of the FTTx broadband network; modernization of GPON; connecting rural settlements.	› **70,000 subscribers** migrated to modern optical communication lines. › Modems replaced for **50,000 clients** with upgraded equipment. › Connection opportunities created for **49,780 apartments in MABs, 2,341 in private homes; 110 Wi-Fi stations in 104 villages; 6,500 new users.**
	9.2 Significantly increase access to ICT and strive to provide universal and affordable access to the Internet in least developed countries.	› Construction and expansion of optical networks in major cities across Kazakhstan to ensure broadband internet access.	› **28 FOCL** segments constructed with a total length of **129 km** to connect mobile base stations. › Internet access speed upgraded from **10 to 50 Mbps in 891 rural schools**.
Reduce inequality within and among countries	**10.3** Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices.	› Implementation of the "Supporting Women in Regions" program aimed at enhancing the knowledge and competencies of the Company's female personnel. › Enforcement of the Equal Opportunity, Inclusion and Diversity Policy.	› Women make up **14%** of the Management Board.

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

UN SDG	Relevant SDG Target	Projects, Initiatives, and Activities of Kazakhtelecom JSC	2024 Results
Make cities and human settlements inclusive, safe, resilient and sustainable	**11.3** By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management.	› In response to large-scale natural floods, Kazakhtelecom JSC waived service fees and debts for subscribers affected by the floods. › Provision of subsidized internet and voice services; expansion of digital accessibility.	› **KZT 1 billion** donated by Kazakhtelecom JSC to support flood-affected citizens. › Social tariff introduced for people with special needs.
Ensure sustainable consumption and production patterns	**12.2** By 2030, achieve the sustainable management and efficient use of natural resources.	› Implementation of energy consumption reduction measures; › Implementation of the Kazakhtelecom JSC Low-Carbon Development Program for 2022–2032.	› Climate risks and opportunities assessment conducted.
	12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	› Adoption of sustainability principles and values; › Publication of the Annual Sustainability Report in compliance with GRI Standards; › Implementation of the ESG Development Roadmap at Kazakhtelecom JSC.	› Climate Risk and Opportunity Report published as part of the ESG strategy. › Over **90 ESG initiatives** of the Roadmap implemented in 2024.
Protection, restoration and sustainable use of terrestrial ecosystems, sustainable forest management, combating desertification, halting and reversing land degradation and halting biodiversity loss	**15.1** Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	› Implementation of land reclamation activities following network construction; › Implementation of activities in accordance with the Biodiversity and Land Resources Management Guide; › Assessment of current activities related to biodiversity in the Company's areas of operation.	› In 2023–2024, Kazakhtelecom JSC conducted an assessment and monitoring of the impact of its activities on biodiversity, land and water resources, ambient air, and physical impact in its areas of presence.

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

UN SDG	Relevant SDG Target	Projects, Initiatives, and Activities of Kazakhtelecom JSC	2024 Results
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	**16.5** Substantially reduce corruption and bribery in all their forms.	› Implementation of the Anti-Corruption Policy; › Regular anti-corruption training sessions for employees; › Internal analysis of corruption risks.	› **100%** of employees and members of key corporate governance bodies have been informed about anti-corruption policies and practices; › Corruption risk assessments were conducted in **75%** of business units evaluated.
Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	**17.6** Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of the Sustainable Development Goals in all countries, particularly developing countries. **17.7** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.	› Engagement with legislative and executive authorities, civil society institutions, local communities, and business communities; › Participation in international and national associations; › Membership in working groups, specialized committees of government bodies and associations.	› Participation in the international conference **“Europe 2024 GCCM” and in the “CC-Global Awards 2024”** ceremony; › Organization of the Carrier Meeting ahead of the seventh annual **GCCM CIS 2024** Almaty conference to strengthen partnerships with telecom operators from near and far abroad.

STAKEHOLDER ENGAGEMENT

GRI 2-26, GRI 2-29

Kazakhtelecom JSC places great emphasis on effective stakeholder engagement, viewing it as an essential element of sustainable development and corporate governance. The Company builds a systematic and transparent dialogue aimed at promptly identifying stakeholder expectations, increasing the level of trust, and strengthening long-term partnerships. This approach contributes to sound managerial decision-making and enhances business resilience in a rapidly changing external environment.

THE COMPANY'S STAKEHOLDER ENGAGEMENT PRINCIPLES ARE AS FOLLOWS:

MATERIALITY

The Company identifies its stakeholders and understands which of its own interests and those of stakeholders are material;

COMPLETENESS

The Company understands stakeholder concerns, i.e., their perspectives, needs, and expectations, as well as their views on issues important to them;

RESPONSIVENESS

The Company consistently responds to material issues relevant to both stakeholders and the organization itself.

Kazakhtelecom JSC identifies two groups of stakeholders:

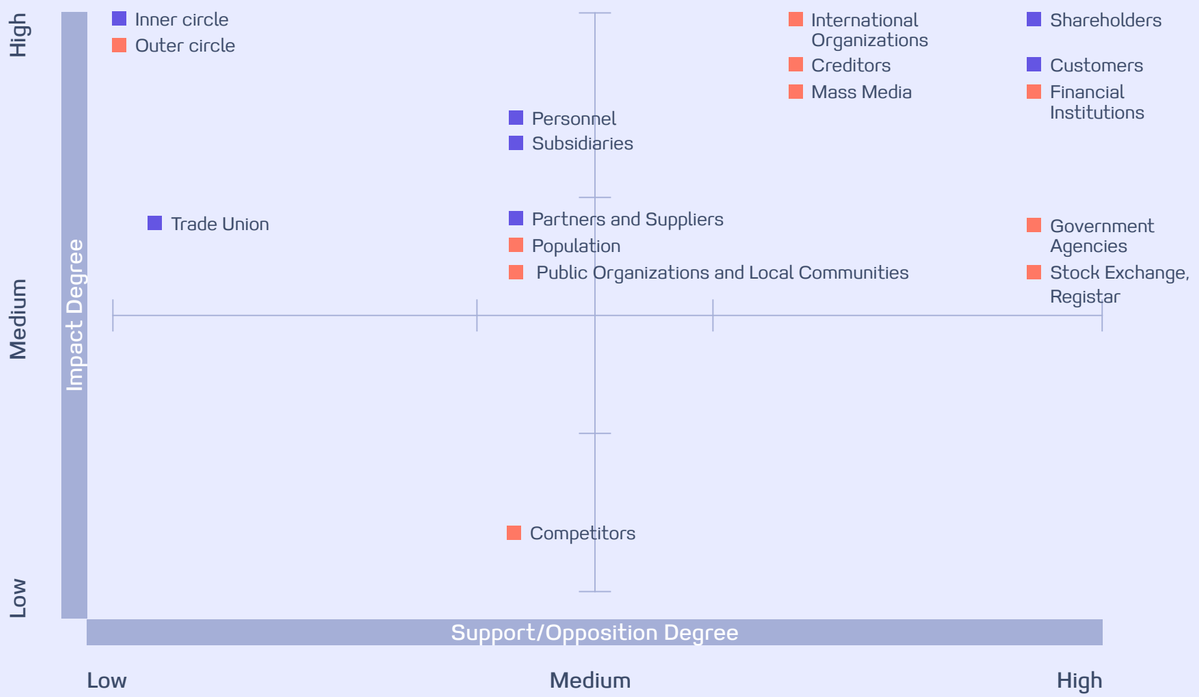
Inner circle (direct area of influence) – stakeholders that have a direct and significant impact on the Company's decision-making or are directly affected by those decisions:

- Shareholders;
- Employees;
- Subsidiaries;
- Trade union;
- Partners (including international) and service providers
- Customers.

Outer circle (indirect area of influence) – stakeholders that have an indirect impact on the Company's decision-making:

- Government bodies;
- Competitors;
- International organizations;
- Financial institutions;
- Creditors;
- Stock exchange, registrar;
- Population;
- NGOs and local communities;
- Mass media.

KAZAKHTELECOM JSC'S STAKEHOLDER MAP



The Company's Stakeholder Map was updated in 2023 in line with international standards and best practices in sustainable development. Based on this map, Kazakhtelecom JSC annually develops a Stakeholder Engagement Communication Plan. An updated version of this Plan was approved in 2024.

The updated Stakeholder Map is available on the Company's website at telecom.kz.

COMMUNICATION CHANNELS WITH STAKEHOLDERS

Kazakhtelecom JSC adheres to the principles of information transparency and openness, providing stakeholders with information on its activities.

The Company uses various channels to engage with stakeholders:

- Information on the Company's activities is published on the official website telecom.kz;
- Information material to shareholders is disclosed in the Company's Annual Reports;
- The Company maintains online communication channels;
- News on corporate projects, training and development programs, as well as incentives and employee benefits, is published on the internal corporate portal;
- A Hotline is in place for reports of legal violations (fraud, corruption, discrimination, unethical behavior, etc.);
- A dedicated platform for B2B clients – ismet.kz – provides relevant information;
- Company news is also published in the mass media.

ONLINE COMMUNICATION CHANNELS

- Call center
- Whatsapp
- Telegram
- Business
- Technical support
- Verification service

STAKEHOLDER ENGAGEMENT MAP

INNER CIRCLE

Stakeholder

Interests

- Increase in Company value
- Dividend income
- Stability and growth of operations
- Transparency
- Effective risk management
- Maximization of Company and dividend value

Contribution

- Capital investment
- Charter capital replenishment

Engagement Mechanisms

- Dividend payments
- Approval of annual financial and non-financial reports
- Implementation of the JRun transformation program
- Meetings, negotiations, discussions
- Strategic and investment decision-making
- Surveys, questionnaires, assessments

Employees

Interests

- Company performance and achievements
- Development prospects
- HR and social policy
- Safe and comfortable working conditions
- Human rights
- Employee engagement and development
- Financial and non-financial motivation, youth policy
- Collective agreement

Contribution

- Human resources
- Loyalty

Engagement Mechanisms

- Creation of safe and decent working conditions
- Employee participation in management
- Social benefits
- Training and development programs
- Regular meetings with management
- Internal communication channels and Hotline
- Online feedback mechanisms (surveys/questionnaires)

Subsidiaries

Interests

- Protection of shareholder interests

Contribution

- Protection of shareholder interests

Engagement Mechanisms

- Regular monitoring of subsidiaries' performance
- Joint mobile business development
- Participation of subsidiaries in strategic decision-making as shareholders

STAKEHOLDER ENGAGEMENT MAP

INNER CIRCLE

Trade union

Interests

- Social responsibility and employee protection;
- Implementation of the Collective Agreement;
- Compliance with legislation.

Contribution

- Social stability support;
- Labor relations regulation and conflict resolution.

Engagement Mechanisms

- Fulfillment of Collective Agreement provisions;
- Interest-free loans to employees;
- Public hearings;
- Internal communication channels and Hotline.

Partners and suppliers

Interests

- Commercial interests.

Contribution

- Joint project implementation;
- Technology and innovation transfer.

Engagement Mechanisms

- Mutually beneficial cooperation;
- Participation in strategic decisions;
- Meetings, negotiations, correspondence;
- Operational reporting.

Customers

Interests

- Commercial interests;
- Service quality;
- Continuity of service;
- Qualified support.

Contribution

- Loyalty;
- Revenue through purchase of goods and services.

Engagement Mechanisms

- Contractual interactions;
- Quality improvement;
- Online service;
- Development of support channels;
- Feedback systems;
- Customer satisfaction analysis.

OUTER CIRCLE

Government Agencies

Interests

- Exercising legislative and executive functions;
- Implementation of state policy in the field of telecommunications; job creation.

Contribution

- State regulation.

Engagement Mechanisms

- Working groups, forums, conferences;
- Meetings, negotiations, business correspondence;
- Timely submission of reports on current activities;
- Providing feedback;
- Monitoring compliance with the legislation of the Republic of Kazakhstan.

Competitors

Interests

- Increasing market share.

Contribution

- Market development.

Engagement Mechanisms

- Adherence to the principle of fair competition.

International Organizations

Interests

- Development of international cooperation among ITU and RCC member states, experience exchange, adoption of common standards in technology use;
- Compliance with international standards and agreements in the field of sustainable development, equitable and balanced growth, adherence to environmental standards, and the development of infocommunication services.

Contribution

- International grants;
- Opportunities for future development.

Engagement Mechanisms

- Conferences, sessions, meetings, forums;
- Signing of agreements, contracts, memorandums, and cooperation agreements.

STAKEHOLDER ENGAGEMENT MAP

OUTER CIRCLE

Financial Institutions

Interests

- Placement of available funds in deposits; maintenance of special accounts.

Contribution

- Provision of favorable conditions for the placement of funds.

Engagement Mechanisms

- Interaction within the framework of contracts/agreements.

Creditors

Interests

- Targeted use of funds;
- Fulfillment of the terms of loan agreements;
- Timely repayment of principal and interest;
- Stability and transparency of the Company's operations.

Contribution

- Provision of funds.

Engagement Mechanisms

- Interaction within the framework of contracts/agreements;
- General meeting of bondholders;
- Disclosure of information via mass media and the Company's website;
- Submission of reports in accordance with loan agreement requirements.

Stock Exchange, Registrar

Interests

- Development of the securities market (listing rules, registrar's code of rules).

Contribution

- Participation in the development of the securities market.

Engagement Mechanisms

- Negotiations, meetings with stakeholders;
- Feedback through mass media.

Population

Interests

- Job creation;
- Transparent information on the Company's development prospects;
- Service quality;
- Attractive service tariffs;
- Social and charitable programs;
- Health and safety.

Contribution

- Support in the Company's regions of operation.

Engagement Mechanisms

- Regional development;
- Interaction through social media, hotline;
- Reputation audit;
- Charitable activities;
- Public reporting.

Public Organizations

Interests

- Various issues within the scope of activities of public and non-governmental organizations.

Contribution

- Mutually beneficial cooperation.

Engagement Mechanisms

- Cooperation under agreements;
- Public reporting.

Mass Media

Interests

- Informing the public about the Company's activities.

Contribution

- Constructive cooperation;
- Favorable public opinion.

Engagement Mechanisms

- Publication of information about the Company in the media;
- Social media, hotline;
- Providing responses to media inquiries;
- Public reporting.

MATERIALITY ASSESSMENT

GRI 3-1

In accordance with international GRI standards, the material topics were identified by the Company in the previous reporting period. The assessment was based on an analysis of the potential and actual impacts of the Company's activities and was the result of joint efforts by the management and stakeholders. It covered both internal and external stakeholder groups.

STAGES OF MATERIALITY ASSESSMENT:

STAGE 1

- Context analysis;
- Compilation of a list of topics based on the Company's operational context and global agenda;
- Identification of stakeholder groups.

STAGE 2

- Identification of actual and potential impacts of the Company;
- Analysis of expert industry materials and the Company's risks to identify its impacts.

STAGE 3

- Assessment of the significance of impacts;
- Evaluation of the strength and scale of impacts based on stakeholder surveys and the Company's internal expertise.

STAGE 4

- Prioritization of significant impacts.

GRI 3-2

As a result of the materiality assessment, the following material topics were identified:

Social Aspect

- Employee compensation and social programs;
- Occupational health and safety;
- Employee training and development;
- Human rights and equal opportunities;
- Local community development.

Environmental Aspect

- Biodiversity;
- Climate change mitigation (including GHG emissions reduction);
- Energy efficiency;
- Waste management;
- Air emissions;
- Water resource management.

Corporate governance aspect

- Economic performance;
- Information security and data protection;
- Innovation and new technologies;
- High-quality and affordable services;
- Procurement practices;
- Anti-corruption;
- Markets and competition.

There were no changes in the list of material topics in 2024 compared to 2023.

MEMBERSHIP IN ASSOCIATIONS

GRI 2-28

To enhance the sustainability of its operations, Kazakhtelecom JSC actively participates in initiatives promoted by industry-specific associations at both national and international levels and fosters long-term partnerships.

Key areas of cooperation include:

- Development of the telecommunications market;
- Improvement of legislative and regulatory frameworks;
- Initiation and implementation of joint projects;
- Promotion of key sustainable development initiatives across the industry and regions.

Kazakhtelecom JSC is a member of several international and national industry unions and associations, including:

- Association for the Development of Blockchain and Data Center Industry in Kazakhstan (ALE);
- Association for the Development of Competition and Commodity Markets (ALE);
- Union of Mechanical Engineers of Kazakhstan (ALE);
- The International Telecommunication Union (ITU);
- National Telecommunication Association of Kazakhstan (ALE);
- Regional Commonwealth in the Field of Communications (RCC);
- National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken".

SUSTAINABILITY REPORT: E ASPECT

ENVIRONMENTAL PROTECTION

MANAGEMENT APPROACH

GRI 3-3, 2-23, 2-25

Despite its relatively low level of direct environmental impact due to the nature of its business, Kazakhtelecom JSC recognizes its environmental responsibility and makes efforts to minimize its footprint. The Company consistently implements approaches aimed at the rational use of resources, increased energy efficiency, and improvement of production processes.

The Company has developed several internal regulatory documents governing environmental protection activities. These provisions are mandatory for all Company employees:

- Environmental Policy;
- Kazakhtelecom JSC Low-Carbon Development Program for 2022–2032 (hereinafter – LCDP);
- ESG Practices Development Roadmap for 2024;
- Internal Environmental Audit Program of Kazakhtelecom JSC;
- Biodiversity Management and Conservation Guide of Kazakhtelecom JSC;
- Land Resources Monitoring, Reporting and Reclamation Guide of Kazakhtelecom JSC;
- Documented procedure for identifying hazards, environmental aspects, and risk assessment;
- Documented procedure for identifying legal and other requirements related to occupational health, safety, and environmental protection;
- Documented procedure for monitoring occupational health, safety, and environmental indicators;
- Documented procedure for production and consumption waste management;
- Documented procedure for emergency preparedness and response.

Kazakhtelecom JSC implements its Environmental Policy, the execution of which is overseen by the executive management. The Policy stipulates role distribution, compliance with environmental legislation, continuous performance improvement, employee training, impact reduction target-setting, and the promotion of environmental culture.

The Company operates an Environmental Management System (EMS), which is an integral part of the corporate governance system and a component of non-financial risk management. EMS covers processes for reducing pollutant emissions, implementing environmentally friendly data transmission technologies, energy consumption management, and equipment modernization. The Company is ISO 14001 certified, confirming its compliance with advanced environmental management standards.

In 2024, on the Company's initiative, an external environmental audit was conducted covering Kazakhtelecom JSC's operations for 2021–2023. The audit analyzed key environmental aspects, including energy consumption, air emissions, waste management, ozone-depleting substances usage, document control, and the implementation of environmental protection measures. The audit covered the Central Office and regional branches in all regions. It confirmed the implementation of a systematic environmental management approach, including the adoption of energy-saving technologies, the presence of a documented waste management procedure, the organization of fuel storage and accounting, and the launch of the "Green Office" initiative.
A number of recommendations were also provided to further improve the effectiveness of the environmental management system.

ORGANIZATIONAL STRUCTURE OF ENVIRONMENTAL MANAGEMENT

Environmental management at Kazakhtelecom JSC operates on two levels. Operational coordination and monitoring of environmental compliance–including occupational safety and health–are handled by the relevant department at both the head office and across the branch network. Strategic management, including environmental risk planning and assessment, hazard identification, and the integration of relevant approaches into business processes, is the responsibility of the Chief Administrative Officer.

PRECAUTIONARY PRINCIPLE

Kazakhtelecom JSC applies the precautionary principle in environmental protection, considering it part of a systematic approach to managing environmental aspects. The Company operates a risk management system that includes the assessment of environmental risks at both the project planning and operational stages.

A documented procedure for hazard identification, environmental aspect assessment, and risk evaluation has been implemented to ensure a preventive approach. This procedure covers both current impacts and potential future consequences.

The Company conducts Environmental Impact Assessments (EIA) in accordance with the legislation of the Republic of Kazakhstan and adheres to best international practices in environmental responsibility. In decision-making, the Company takes into account long-term environmental impacts even in cases of scientific uncertainty, consistent with the precautionary principle.

Additionally, risk mitigation measures are embedded in the Environmental Policy, internal environmental audit processes, and the corporate continuous improvement system.

The Company has identified the following priority areas for environmental development:

- Minimization of negative environmental impacts;
- Recognition of the critical importance of climate change;
- Compliance with national and international environmental laws and standards;
- Adherence to sustainable development principles in planning and operations;
- Accountability of Company leadership at all levels for the effective operation of the environmental management system;
- Disclosure of accessible and transparent environmental information to all stakeholders.

COMPLIANCE WITH ENVIRONMENTAL LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN

GRI 2-27

Kazakhtelecom JSC annually implements activities aimed at reducing the negative environmental impacts of its operations.

In 2024, no cases of environmental legislation violations were recorded. The Company was not subject to any non-financial sanctions or other administrative penalties in the area of environmental protection.

ENVIRONMENTAL PROTECTION EXPENDITURES, KZT THOUSAND

Expenditure item	2022	2023	2024
Development of EIAs, emissions standards, production environmental monitoring, category confirmations	0	82.2	8,250.0
Payments for negative environmental impact, including:	12,526.7	12,500.0	14,542.0
- from stationary sources			2,066.2
- from mobile sources	1,686.8	0	12,448.8
Total	**12,526.7**	**12,582.2**	**22,792.0**

PLANS FOR 2025

Introduction of quantitative targets for environmental aspects (waste and GHG emissions).

KAZAKHTELECOM JSC'S CONTRIBUTION TO THE "TAZA KAZAKHSTAN" INITIATIVE

In 2024, Kazakhtelecom JSC joined the large-scale nationwide environmental campaign "Taza Kazakhstan" ("Clean Kazakhstan"), aimed at raising environmental awareness and improving the state of the environment across the country. The initiative, which covered all regions of Kazakhstan, united millions of citizens, government agencies, and businesses around the idea of environmental renewal and a sustainable future.

As part of its participation in "Taza Kazakhstan," the Company's employees took part in environmental clean-up days, site-cleaning campaigns, and the improvement of public spaces throughout Kazakhstan. These events were held both in major cities and in remote settlements, demonstrating the Company's commitment to the principles of social responsibility and care for the environment.

"Kazakhtelecom Alley" in the Astana Botanical Garden

A separate and significant event was the environmental project "Kazakhtelecom Alley" in the Astana Botanical Garden, implemented in honor of the Company's 30th anniversary. As part of this initiative, Kazakhtelecom JSC planted 30 coniferous trees in the Botanical Garden, symbolizing care for biodiversity, the reduction of the carbon footprint, and a contribution to the sustainable development of the capital. The tree planting ceremony was attended by the Company's senior management, including the Chairperson of the Management Board and the Chief Financial Officer, highlighting the importance of the environmental agenda both at the corporate level and across society as a whole.

Environmental Awareness and Employee Engagement

In accordance with the approved Action Plan to support the national project "Taza Kazakhstan", Kazakhtelecom JSC conducted a series of activities aimed at raising environmental awareness and fostering sustainable habits among employees, including:

- Educational webinars on sustainable development, biodiversity, climate, and renewable energy.
- The launch of the "Eco Wardrobe" and "My Eco Tip" challenges, aimed at encouraging sustainable practices.
- Eco-Fashion Week, featuring a webinar on sustainable clothing practices.

Participation in the "Taza Kazakhstan" campaign marked a continuation of Kazakhtelecom's strategic ESG course and reaffirmed the Company's commitment to environmental values and social responsibility.

22,792 KZT thousand

environmental protection expenditures in 2024

81.1%

AIR EMISSIONS

GRI 3-3

Systematic reduction of air pollutant emissions is one of the key components of Kazakhtelecom JSC's environmental protection activities. The Company annually implements measures aimed at reducing atmospheric emissions and minimizing their adverse impact on air quality.

Given that the main sources of emissions are boiler units and motor vehicles, special attention is paid to their timely maintenance. Generators, gasoline units, and vehicles are operated in strict compliance with manufacturers' recommendations. During periods of low activity, equipment is switched to reduced energy consumption mode; in case of power outages, stationary generators compliant with environmental requirements are used.

Air emissions reporting is compiled on a regular basis and submitted to authorized government bodies on a quarterly basis, in accordance with the legislation of the Republic of Kazakhstan.

GRI 305-7

STRUCTURE OF ATMOSPHERIC POLLUTANT EMISSIONS, TONNES[7]

Pollutants	2022	2023	2024
NOx	73	5.5	5.2
SO_2	31	7.2	5.4
CO	109	18.5	21.3
Dust	57	18.3	32.7
Other	23	2.8	1.03
Total	**294**	**52.4**	**65.6**

In 2024, total emissions of regulated atmospheric pollutants amounted to 65.6 tonnes. The calculation of pollutant emissions was carried out in accordance with the approved Methodology for determining environmental emission standards.

In the reporting year, instrumental measurements were conducted at stationary sources of Kazakhtelecom JSC to determine permissible concentration levels. In cases of identified exceedances, the Company promptly took corrective measures. In line with environmental legislation, the Company continues developing maximum permissible emission (MPE) projects for facilities with autonomous heating systems and diesel generator installations.

GRI 305-6

VOLUME OF OZONE-DEPLETING SUBSTANCE (ODS) EMISSIONS, KG CFC-11-EQ.[8]

Indicator	2022	2023	2024
Imported	0	0	0
Exported	0	0	0
Produced	124.7	105.4	105.4

In 2024, in accordance with the methodology of the Montreal Protocol on Substances that Deplete the Ozone Layer, the Company continued calculations based on refrigerants used in refrigeration systems. The inventory included the following substances: chlorodifluoromethane (R-22), difluoromethane (R-32), and mixtures R-407C and R-410A used at Kazakhtelecom JSC facilities. No changes in consumption volumes were identified in 2024.

The Company accounts for refrigerants in cylinders and kilograms. An ozone depletion potential (ODP) coefficient of 0.055 was applied in emission calculations.

65.6

tons

is the total volume of pollutant emissions into the atmospheric air in 2024

Plans for 2025 and the medium term

In 2025, the Company plans to implement the following measures to reduce air pollutant emissions:

- Introduction of quantitative targets for reducing air pollutant emissions.

[7] The methodology for reporting data for 2023-2024 has changed. For 2022, total emissions of greenhouse gases (regulated + unregulated) were reported. Starting from 2023, only regulated emissions are reported.

[8] Trichlorofluoromethane (CFC-11 equivalent).

WATER RESOURCES

GRI 3-3

Kazakhtelecom is committed to the rational use of water resources and minimizing its impact on aquatic ecosystems. The main source of water supply is municipal water networks; the Company does not use wells or other alternative sources. Effective water resource management is a priority of the Environmental Policy and is regulated by internal procedural documents.

Water Consumption

GRI 303-3

Water consumption is solely for domestic and drinking needs. All water supply systems are equipped with water consumption metering devices.

91.2

thousand m³

water withdrawal in water-scarce regions

TOTAL WATER WITHDRAWAL, THOUSAND M³

Indicator	2022	2023	2024
Total water withdrawal	257.2	250.3	274.2
Fresh water	257.2	250.3	274.2
Other water	-	-	-

GRI 303-3

The primary source of water supply for Kazakhtelecom is municipal water utilities. The Company does not withdraw water from surface or underground sources, including in water-stressed areas. In 2024, total water consumption increased by 9.5%.

GRI 303-3

SPECIFIC WATER CONSUMPTION

Indicator	2022	2023	2024
Production indicators	**5,445**	**5,449**	**5,298**
Specific water consumption, thousand m³/thousand units	0.047	0.046	0.0517
Revenue of Kazakhtelecom JSC, KZT million	635,665	669,467	309,484
Specific water consumption, thousand m³/KZT million	0.00040	0.00037	0.000886

Wastewater Discharge

GRI 303-4

The Company uses water solely for domestic purposes. All wastewater is discharged into centralized sewer systems in accordance with contractual obligations.

As wastewater is discharged into centralized sewer systems, the Company complies with general requirements established by local authorities and municipal water utilities for wastewater discharge.

The Company does not have internal standards for wastewater quality, as all wastewater is discharged into municipal sewer systems, where treatment is regulated by local water utilities. Wastewater quality control is carried out at the level of city treatment facilities.

TOTAL VOLUME OF WASTEWATER DISCHARGE, THOUSAND M³

Indicator	2022	2023	2024
Total discharge	245.9	251.0	121.1
Fresh water	245.9	251.0	121.1
Other water	-	-	-

20.8

thousand m³

total discharge of fresh wastewater in water-stressed regions in 2024

GRI 303-5

Total water consumption in 2024 amounted to 153.2 thousand m³. In water-stressed regions, total water consumption in 2024 amounted to 70.4 thousand m³.

Plans for 2025 and the medium term

The Company plans to implement the following measures for the rational use of water resources:

1. Development and approval of the Water Resource Management and Conservation Manual.
2. Disclosure of specific water consumption per physical and/or monetary unit.

WASTE MANAGEMENT

GRI 3-3, 306-2

The Company places great importance on the responsible and safe management of waste, aiming to reduce waste generation and increase the share of recycled waste.

Kazakhtelecom operates under the documented procedure "Production and Consumption Waste Management", which outlines the processes for the collection, temporary storage, disposal, removal, and monitoring of generated waste in accordance with the environmental legislation of the Republic of Kazakhstan. Waste volumes are recorded in journals and based on waste movement documentation (write-off acts, transfer/acceptance, disposal, etc.).

Each year, the Service Factory signs contracts with specialized organizations for the disposal and recycling of the following types of Company waste:

- Electronic and electrical equipment (climate control systems, household appliances, electricity meters, backup power units (diesel generators, mini-power plants), UPS systems, EPU equipment, transformer substations, power tools, etc.);
- Chemical power sources (various types of batteries);
- Mercury-containing waste (fluorescent lamps);
- Used oil (from diesel generators, vehicles, transformer substations, etc.);
- Paper waste;
- Packaging (all types of packaging materials).

GRI 306-3

VOLUME OF WASTE GENERATED, TONNES

Indicator	2022	2023	2024
Hazardous waste	29.0	53.5	114.4
Non-hazardous waste	12.7	7.3	42.0
Total	**41 ,7**	**60.7**	**156.4**

In 2024, the total volume of generated waste amounted to 156.4 tonnes (excluding municipal solid waste). The increase in both hazardous and non-hazardous waste in 2024 was due to wear and tear of equipment no longer suitable for its intended use. All hazardous and non-hazardous waste was disposed of by a third-party organization under a contract.

The increase in waste volumes in 2024 was due to physical degradation of batteries, fluorescent lamps, and used oils.

GRI 306-5

VOLUME OF WASTE DISPOSED BY HAZARD CLASS, TONNES

Indicator	2021	2022	2023	2024
Hazardous waste	n/a	29.0	53.5	114.4
Non-hazardous waste	n/a	12.7	7.3	42.0
Total disposed	**n/a**	**41.7**	**60.7**	**156.4**

In 2024, there was an increase in the volume of waste transferred for disposal due to the physical deterioration of batteries, mercury-containing lamps, used oil, as well as non-hazardous waste such as electronic meters, generators, air conditioners, and scrap metal. These types of waste are subject to disposal in accordance with environmental protection and sanitary-epidemiological regulations.

156.4

tons

total waste disposed of in 2024

Disposal of Decommissioned Telecommunication Equipment

Kazakhtelecom JSC directs decommissioned telecommunication assets (client digital equipment such as STB set-top boxes, CDMA terminals, modems, routers, multimeters, modules, control boards, terminals, and other devices) and office equipment to third-party organizations that auction them off. If in proper condition, decommissioned telecommunication equipment is used as spare parts in accordance with the Organization Standard "Rules for the Dismantling and Disposal of Decommissioned Telecommunication Assets," approved by the Company's Order. Some decommissioned equipment (including copper cable communication lines and cable scrap) is transferred to specialized organizations for storage and disposal of ferrous and non-ferrous metals.

Plans for 2025

The Company plans to carry out the following activities to improve waste management:

- Development and approval of the Production and Consumption Waste Management Program of Kazakhtelecom JSC.

IMPACT ON BIODIVERSITY

GRI 3-3, 413-1

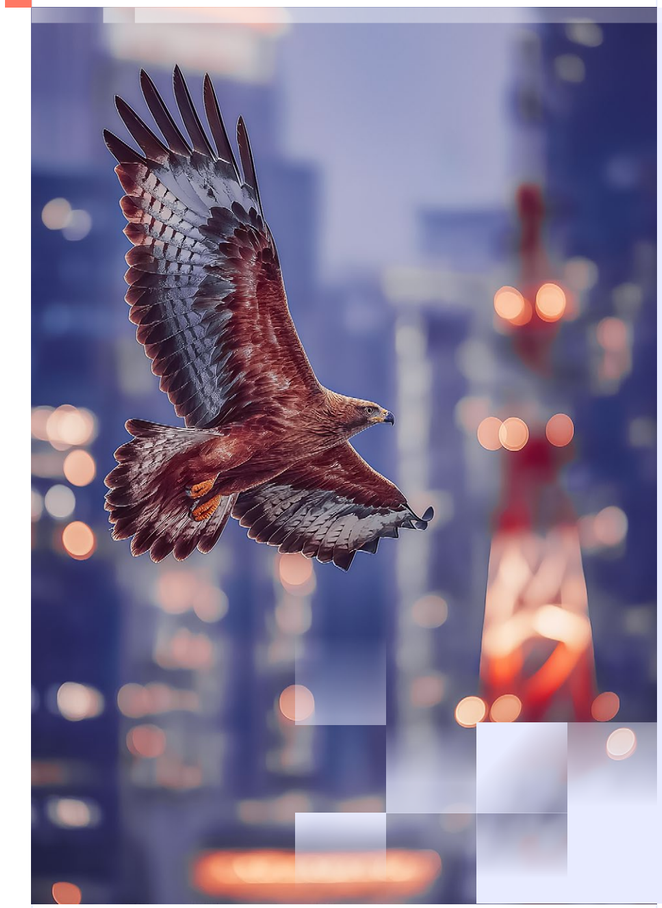
According to its Environmental Policy, Kazakhtelecom JSC is committed to promoting biodiversity and refraining from conducting activities in protected areas.

To preserve flora and fauna at construction and installation sites (including cable laying), the Company conducts mechanical and biological reclamation to minimize soil erosion and restore vegetation on disturbed land plots.

All telecommunication equipment of Kazakhtelecom JSC is located within residential areas or along existing infrastructure and does not impact specially protected natural areas, including nature reserves. Nevertheless, since 2023, the Company has been voluntarily assessing and monitoring the impact of its operations on biodiversity in its areas of presence.

In 2023, such an assessment was conducted in remote areas with minimal anthropogenic influence. Monitoring was carried out in accordance with internal Guidelines for the Assessment and Monitoring of Biodiversity and Land Resources.

In 2024, as part of the implementation of the "Guidelines for Biodiversity Management and Conservation," Kazakhtelecom JSC conducted an independent assessment of the impact of its activities on biodiversity, as well as on land and water resources at telecommunication equipment locations in the cities of Astana, Almaty, and Shymkent. The assessment was performed by KazTECO LLP. The analysis covered automatic telephone exchanges (ATX), wireless communication antennas (including 5G), auxiliary equipment, and backup power sources.



The assessment included measurements of electromagnetic radiation levels, noise levels, air quality, and the potential impact of 5G antennas on wildlife (in particular, birds).

MONITORING RESULTS BY CITY

ASTANA

- Air quality: **47 points** (for five indicators: nitrogen oxide, nitric oxide, carbon, sulfur oxide, carbon monoxide)
- Physical impact: **17 points**
- Electromagnetic impact: **18 points**

SHYMKENT

- Air quality: **84 points**
- Physical impact: **32 points**
- Electromagnetic impact: **35 points**

ALMATY

- Air quality: **118 points**
- Physical impact: **28 points**
- Electromagnetic impact: **25 points**

In all three cities, measurements were carried out in three series, taking wind direction into account, at heights of 1.5–2.0 meters above ground level, and in close proximity to telecommunication equipment.

Research findings:

- No exceedances of established permissible limits were identified across all parameters.
- No changes were recorded in the composition or behavior of flora and fauna.

Thus, the Company's environmental impact was assessed as insignificant and safe for ecosystems in its areas of operation.

The monitoring report is available on the Company's official website (telecom.kz).

Plans for 2025

1. Planning participation in biodiversity conservation and support projects in regions where the Company operates.
2. Collecting data on equipment and technological processes located in protected areas to update and publicly disclose the "Guidelines for Biodiversity Management and Conservation in Kazakhtelecom JSC's Areas of Operation."

ENERGY EFFICIENCY

MANAGEMENT APPROACH

GRI 3-3

Kazakhtelecom JSC applies a systematic management approach to energy consumption aimed at reducing energy costs and minimizing environmental impact. The Company is certified under the international standard ISO 50001:2018, confirming the existence of an effective energy management system.

The Company has adopted and implements an Energy Management Policy that provides for energy consumption monitoring, energy efficiency analysis, and the introduction of energy-saving solutions. A documented procedure, "Identification of Energy Types. Baseline Definition. Energy Analysis", has been implemented to maintain an energy register, control equipment parameters, and determine baseline consumption levels.

Energy optimization measures have been implemented at production sites, including installation of LED lighting, automatic lighting sensors, reduction in high-energy-consuming office equipment, and use of emergency power supplies with energy-saving settings.

Key principles of the Energy Management Policy of Kazakhtelecom JSC

- Compliance with the legislation of the Republic of Kazakhstan, as well as national and international energy efficiency standards.
- Commitment to achieving best available technologies in energy-efficient production.
- Rational use of fuel and energy resources.
- Transparency and accessibility of information on the Company's energy efficiency.

The Policy applies to the following areas: provision of telecommunication services, procurement of goods, works, and services, and operation of telecommunications networks and infrastructure.

Main Policy directions:

- Systematic and targeted training of Company employees and raising awareness in energy conservation and efficiency.
- Timely response to changes in legal requirements and standards and continuous improvement of internal regulatory documents.
- Inclusion of energy efficiency as a criterion in procurement processes wherever possible.
- Preference for energy-efficient solutions during modernization of technological and energy equipment.
- Continuous monitoring of fuel and energy consumption and generation in core and auxiliary production processes.
- Development of motivation mechanisms to engage employees in energy conservation initiatives.

RESOURCE CONSERVATION AND ENERGY EFFICIENCY IMPROVEMENT

GRI 3-3

Kazakhtelecom JSC prioritizes energy efficiency and the transition to resource-saving technologies as part of its path toward carbon neutrality. The Company implements a range of measures aimed at reducing consumption of imported electric and thermal energy, as well as fuel resources used in operating its own energy generation facilities.

Key initiatives implemented:

- Replacement of fluorescent lamps with LED lighting in administrative areas
- Installation of motion/presence sensors for lighting systems
- Configuration of sleep mode for personal computers and installation of software for automatic shutdown
- Deduplication and modernization of copper networks to modern fiber-optic technology.

In 2024, Kazakhtelecom JSC conducted an energy audit to improve energy efficiency and resource conservation.

424,563 7.5%

GJ

is the total fuel consumption volume in 2024

In 2024, total fuel consumption amounted to 424,563 GJ, 7.5% lower than in 2023. The primary energy sources were gasoline and diesel fuel. The Company operates autonomous heating systems at 248 facilities, including 107 sites using diesel fuel, 108 using gas heating, and 40 using solid fuels (of which 28 are equipped with electric boilers). No significant increase in fuel consumption was observed in 2024 for either mobile or stationary sources (boiler houses). Notably, there was a sharp reduction in liquefied gas consumption by mobile sources and in firewood consumption by stationary sources.

In 2024, electricity consumption reached 628,276 GJ, a 1.31% increase compared to 2023. The growth was driven by the installation of new commercial and technological servers.

It should be noted that server hardware consumes variable power depending on the workload of processors (CPU), graphics accelerators, and other components.

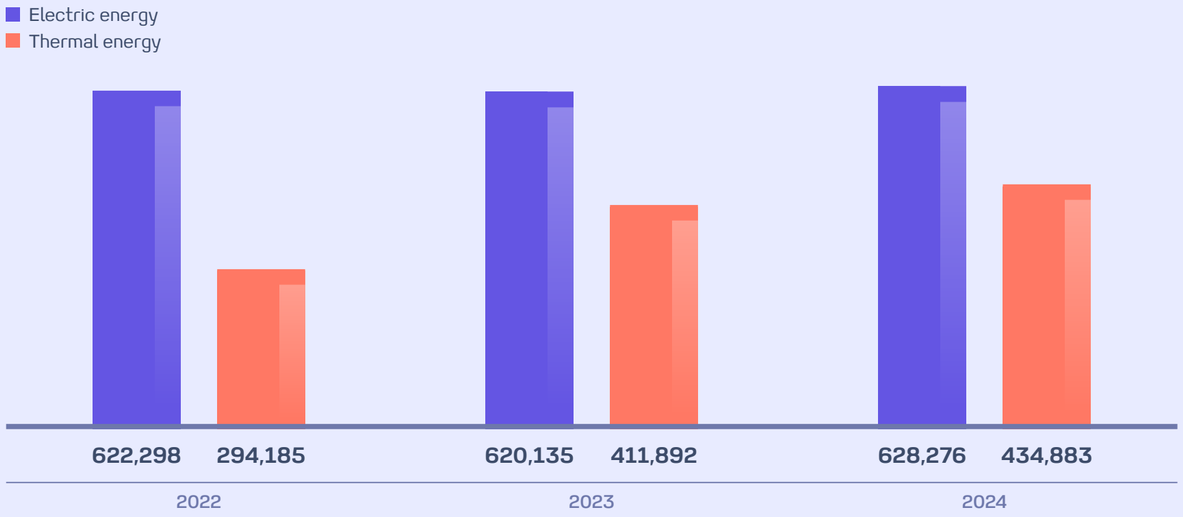
GRI 302-1

TOTAL FUEL CONSUMPTION, GJ

Indicator	2022	2023	2024	%
Gasoline	180,543	197,783.4	209,710.9	6%
Diesel fuel	67,570	107,904.9	115,707.6	7%
Coal	19,324	21,445.6	22,440.9	4.6%
Natural gas	101,415	108,074.1	71,508.2	(-33.8%)
Liquefied gas (propane) as motor fuel	50,181	23,165.4	5,032.8	(-78%)
Firewood	-	528.2	166.8	(-68.42%)
Total Fuel Consumption	**419,035**	**458,901.7**	**424,563**	

GRI 302-1

Consumption of Thermal and Electric Energy for Internal Technological Needs

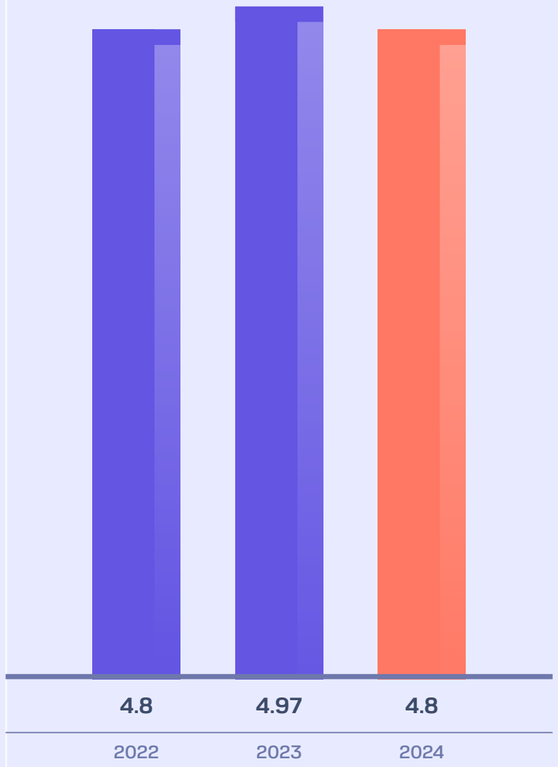


GRI 302-3

ENERGY INTENSITY

Indicator	2022	2023	2024
Total energy consumption, GJ	1,335,517	1,490,401.4	1,487,723
Kazakhtelecom JSC revenue, KZT million	278,111	299,725	309,484
Energy intensity, GJ/KZT million	**4.8**	**4.97**	**4.8**

ENERGY INTENSITY, GJ/KZT million



4.8

GJ/KZT million

Energy intensity in 2024

Plans for 2025 and the Medium Term

In 2025, the Company plans to implement the following energy efficiency measures:

- Thermal modernization of buildings based on the results of energy audits.

CLIMATE CHANGE MITIGATION

GRI 3-3

Kazakhtelecom JSC regards climate change as one of the key challenges, as well as an important opportunity to transform its business model and enhance resilience. In the context of the global transition to a low-carbon economy, the Company strives to make a meaningful contribution to Kazakhstan's climate goals and its international commitments under the Paris Agreement.

In 2023, the Company planned a set of initiatives aimed at improving the corporate climate risk management system in line with the TCFD recommendations. A significant portion of these initiatives was implemented in 2024.

The Company continued implementation of its 2022–2032 Low-Carbon Development Program and integrated elements of climate analysis into strategic and investment planning processes. During the reporting period, an in-depth climate analysis was conducted covering the Company's operations and infrastructure. This included the identification of transition and physical climate risks and the assessment of their potential impact on key business processes in accordance with international TCFD guidance. In 2024, responsibility for managing climate risks was formally assigned to a member of the Management Board.

Development of an adaptation plan for the identified climate risks has been scheduled as one of the priority actions for the medium term.

The full results of the analysis are presented in the "Analytical Report on Climate Risk and Opportunity Assessment" available on the Company's website: telecom.kz.

Key priorities of our climate strategy:

- Decarbonization and reduction of greenhouse gas emissions across the Company's operations and its entire value chain;
- Alternative energy;
- Resource conservation and energy efficiency improvements.

CLIMATE CHANGE GOVERNANCE

Kazakhtelecom JSC has established a multi-level climate governance system based on the principles of accountability, transparency, and integration of climate risks and opportunities into strategic management.

Board Oversight

The Board of Directors exercises top-level oversight of climate-related matters through the Audit and Sustainability Committee. Within its mandate, the Board reviews climate-related issues during the approval of strategic plans, investment programs, annual budgets, as well as during the assessment of major infrastructure projects and transactions. Climate matters are reported to the Board at least once a year. The agenda includes monitoring implementation of the Low-Carbon Development Program, progress toward emission reduction targets, resilience to physical climate risks, and opportunities in digital products and services.

Climate risk management is outlined in the Regulation on the Audit and Sustainability Committee under the Board of Directors. The Committee reviews issues related to low-carbon development, carbon footprint management, and potential risks and constraints associated with the global climate agenda. It also monitors the quality of non-financial reporting and oversees the implementation of relevant ESG initiatives.

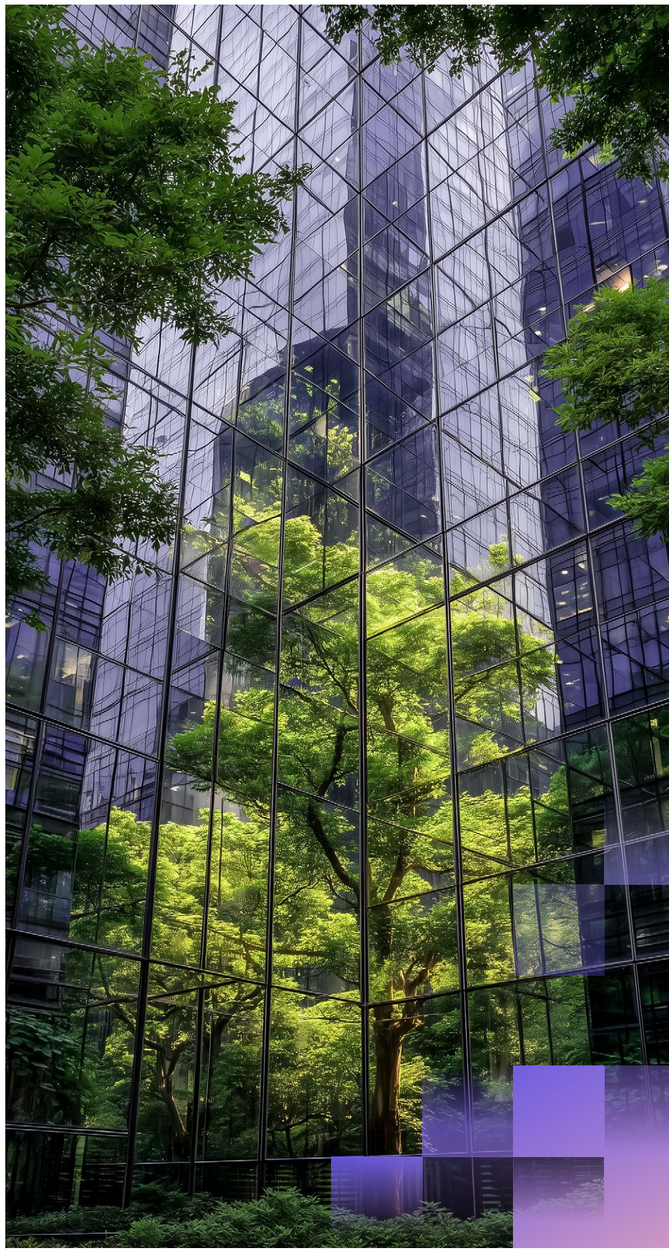
In 2024, the Board of Directors continued to strengthen climate-related expertise, including through ESG sessions with independent experts and discussions on climate impact scenarios affecting long-term business sustainability.

Role of Executive Management

Operational management of the climate agenda is carried out at the executive level. Within the Company structure, coordination of climate matters is entrusted to the Sustainable Development Department, in close cooperation with departments for technical operations, capital construction, energy, and risk management. Designated employees are responsible for assessing climate risks, developing and implementing adaptation measures, and monitoring progress toward climate targets. These individuals and committee heads regularly report to the Management Board and, when necessary, present information to the Board of Directors.

Management is informed on climate issues based on internal monitoring results, external analytical reviews, data on energy efficiency and emissions, and climate models and scenarios. Reporting is integrated into the unified ESG analytics system and verified prior to inclusion in the Company's annual reports for stakeholders.

Internal climate governance mechanisms include regular cross-functional meetings, integration of climate aspects into investment and project committees, and risk and opportunity assessments during the development of new initiatives.



CLIMATE GOVERNANCE STRUCTURE AT KAZAKHTELECOM JSC

BOARD OF DIRECTORS

The Board of Directors of Kazakhtelecom JSC oversees sustainability matters, including the management of climate risks and opportunities. The Board approves the ESG strategy, which outlines the key areas related to climate risks and opportunities.

Functions:

- Determining the strategy for sustainable development and climate risks.
- Monitoring the process of integrating climate factors into the company's strategic and operational planning.
- Reviewing and approving reporting in this area.
- Overseeing the implementation of sustainability principles and low-carbon development.
- Managing sustainability-related risks, including climate risks.

Incentives for Managing Climate Risks

- Defining incentive strategies related to climate goals for the Company's executives and staff.
- Approving a remuneration system based on the achievement of ESG targets, including climate-related targets.

AUDIT AND SUSTAINABLE DEVELOPMENT COMMITTEE

Since July 2022, the Audit Committee has been renamed the Audit and Sustainable Development Committee. This committee is responsible for managing sustainable development risks, including physical and transition climate risks.

Functions:

- Preliminary approval of the Company's Annual Report regarding the quality of the presented non-financial information.
- Development of recommendations for the Board of Directors on topics related to sustainable development, as well as on the implementation of ESG principles and low-carbon development within the Company.
- Monitoring the transformation of business processes in accordance with the principles of sustainable development, ethical behaviour, and responsible investing.
- Development of recommendations for the Board of Directors regarding the approval of new policies and the evaluation of the effectiveness of existing policies, plans, and programmes in the field of sustainable development, as well as priority projects, key activities, and initiatives in the area of sustainable development and climate.
- Review of issues related to low-carbon development and the management of the Company's carbon footprint, including potential risks and limitations arising for the Company in relation to the global climate agenda.
- Development of recommendations for the Board of Directors regarding the compliance of activities, corporate reporting, and documents with the requirements of international ratings in sustainable development, as well as monitoring the implementation of measures to improve the Company's positions in international sustainable development ratings.
- Monitoring the quality of the Company's public reporting in the areas of sustainable development and climate.

Incentives for Managing Climate Risks

- Evaluation of the effectiveness of climate incentives aimed at achieving the Company's climate targets.
- Monitoring the implementation of incentive strategies and the integration of climate factors into employee motivation.

EXECUTIVE COMMITTEE

Department of Corporate Governance and Sustainable Development	› Responsible for the inventory of internal regulatory documents, managing sustainability risks, and regularly monitoring the achievement of the company's targets in this area. › Develops and updates policies related to climate risks and sustainable development, with regular presentations for discussion at the Audit and Sustainable Development Committee.
Compliance Department	› Ensures compliance with norms and standards in the field of sustainable development and climate risk management. › Implements internal control to ensure adherence to sustainable development requirements.
Communications Department	› Responsible for external communications, including informing the public and stakeholders about the company's actions in the field of sustainable development. › Coordinates engagement with external partners and the media on climate integration issues.
Structural Units Responsible for Human Resource Management, Occupational Health and Safety	› Oversee specific aspects of sustainable development management, including compliance with occupational health and safety standards. › Implement measures to minimise environmental impact and enhance energy efficiency.
Head Office of Kazakhtelecom JSC	› Is directly responsible for the coordination and oversight of the implementation of sustainable development initiatives within the company's structural units. › Ensures the execution of the company's climate and ESG strategies at all levels.

BRANCHES

The Chairman of the Management Board and the General Directors of the branches	› Oversee the implementation of sustainability standards and policies within the company's branches. › Ensure the provision of accurate information regarding the execution of plans and activities related to climate initiatives.
Managing Director of Kazakhtelecom JSC for Sustainability	› Coordinates the Company's efforts to achieve sustainable development goals. › Monitors the fulfilment of key performance indicators (KPIs) in the field of sustainable development and climate initiatives.

Incentives for Managing Climate Risks

- Implementation of Strategies for Managing Climate Risks and Monitoring Their Progress.
- Establishment of a remuneration system linked to the achievement of the company's climate and ESG targets.

CLIMATE STRATEGY

In 2024, Kazakhtelecom JSC conducted a comprehensive assessment of climate risks and opportunities, encompassing both physical and transition-related factors, as well as potential value creation pathways in a changing climate. The analysis was based on international methodologies, including Intergovernmental Panel on Climate Change (IPCC) scenarios, McKinsey and S&P Global analytical tools, and took into account Kazakhstan's climate specifics and the telecommunications sector's characteristics.

The assessment utilized four climate development scenarios: RCP 2.6, RCP 4.5, RCP 8.5 (IPCC), and NZE2050, which reflects global efforts to achieve carbon neutrality. Internally, the Company interpreted these scenarios as optimistic, baseline, and pessimistic cases, enabling a comprehensive analysis of climate factor impacts on operational resilience, cost structure, profitability, and investment appeal.

Physical Risks

The physical risk analysis covered 25 key data centers and technological facilities in major cities and regional centers of Kazakhstan. The study addressed all segments of the value chain–from infrastructure and logistics to operations and maintenance.

KEY IDENTIFIED RISKS:

Temperature (chronic risk)

Rising average and extreme temperatures lead to equipment overheating, increased cooling costs, and reduced system reliability. According to climate models, by 2060, the average temperature in Almaty Region may reach 9.64 °C, and the maximum–17.59 °C under the RCP8.5 scenario. Elevated temperatures pose risks to data centers, communication nodes, and engineering systems:

- Equipment overheating;
- Increased cooling costs;
- Reliability decline and more frequent shutdowns;
- Decreased employee productivity and higher thermal stress.

The most vulnerable areas are Almaty, Akmola, and East Kazakhstan regions, where the largest increases in average and extreme temperatures are expected.

Increased humidity and precipitation

Rising precipitation is observed under all scenarios, especially in South Kazakhstan, Atyrau, and Mangystau regions. For instance, in South Kazakhstan, annual precipitation could increase to 894.6 mm by 2060 under RCP8.5 (a 45% increase over historical values). Impacts include:

- Damage to cable networks and equipment due to high humidity;
- Infrastructure corrosion;
- Higher maintenance and replacement costs for network components.

Flooding (acute risk)

Flooding is identified as one of the most significant acute risks. In South Kazakhstan and Mangystau regions, flood depths may reach up to 0.7 m, posing a threat of infrastructure inundation and equipment failure. Consequences:

- Equipment damage;
- Service interruptions;
- Potential multimillion-tenge losses due to downtime.

Wind load

Zhambyl Region exhibits the highest wind speeds–up to 28.17 m/s under RCP2.6 and 27.44 m/s under RCP8.5 by 2060. Akmola and South Kazakhstan regions are also exposed. Risks:

- Destruction of communication towers and antennas;
- Structural damage;
- Operational disruptions due to physical destruction.

REGISTER OF CLIMATE RISKS OF KAZAKHTELECOM JSC

Risk Type	Category	Risk	Impact	Horizon[9]	Potentially Vulnerable Assets / Regions
Physical	Chronic	Temperature	› Decline in production capacity. › Some equipment may not withstand high temperatures. › Additional costs (investments in cooling systems). › Impact on employee health: increased risk of heat-related illnesses and poor decision-making. › Annual financial losses due to increased energy consumption for cooling. › Increased structural damage to physical infrastructure.	Medium-/long-term	Akmola, Almaty, and East Kazakhstan regions
		Precipitation	› Increased costs for maintenance and replacement of equipment. › Risk of corrosion of metal infrastructure components. › Operational disruptions due to equipment damage and failures.	Medium-/long-term	Atyrau, Mangystau, and South Kazakhstan regions
	Acute	Floods	› Flooding of infrastructure and severe equipment damage.	Medium-/long-term	Atyrau and Mangystau regions
		Extreme weather events	› Increased repair and restoration costs. › Operational disruptions due to infrastructure damage. › Impact on employee safety	Medium-/long-term	Zhambyl, South Kazakhstan, and Akmola regions
Transition	Regulatory	Tightening of climate regulations	› Increased operating costs. › Significant investments required to modernize infrastructure.	Medium-/long-term	Data centers, energy-intensive infrastructure
	Technological	Deployment of new technologies	› Significant investments required to modernize infrastructure.	Medium-/long-term	Obsolete network equipment, cooling systems, IT infrastructure
	Market	Changing demand and expectations	› Need to develop new “green” solutions and adapt the business model.	Medium-/long-term	Product portfolio, telecom services

Transition Risks

In assessing transition risks, particular attention was paid to the potential impact of changes in legislation, market trends, carbon regulation policies, and technological shifts on the Company’s business model.

Regulatory

The potential introduction of a carbon tax and new energy efficiency standards may impact operating costs, necessitate equipment upgrades, increase CAPEX, and affect the cost of services.

Technological

Obsolescence of energy-inefficient infrastructure and the need to implement new solutions aligned with ESG expectations of clients and investors.

Market and reputational

Growing demand for sustainable suppliers and the need for ESG rating transparency to maintain competitiveness and secure access to sustainable financing.

[9] Kazakhtelecom is not significantly affected by physical climate risks in the short term.

Climate Opportunities

The Company views climate change not only as a source of risk but also as a driver for the development of sustainable technological solutions, improved energy efficiency, and long-term cost savings. Climate-related opportunities are systematically analyzed in the following areas:

Energy efficiency improvement

Data centers (DCs) are major electricity consumers. In 2023, total DC consumption amounted to 48,776 MWh–approximately 4,000 MWh less than in 2022. This reduction resulted from the implementation of energy-saving programs and modernization of climate control systems.

Between 2021 and 2023, energy efficiency improved from 0 to 0.8% (in terms of specific indicators). The goal is to achieve significant results by 2025. The potential savings from energy-efficient solutions in DCs are estimated at $3.5–4 million by 2030.

Development of digital services and infrastructure

The Company is actively developing solutions in the areas of:

- Internet of Things (IoT) to reduce the carbon footprint;
- Smart grids and remote monitoring;
- Digital modeling of telecom infrastructure to optimize energy consumption;
- Commercialization of carbon offsets through climate projects.

Renewable energy development

Transition to renewable energy sources and reduced dependence on carbon-intensive fuels. Under the ESG Strategy through 2032, the Company considers increasing the share of renewables from the current 0% to 10–15%. Fuel and emission offset savings may reach up to $5 million over the long term.

Access to sustainable financing

Increased attractiveness to ESG investors, issuance of green bonds, and financing for climate-focused projects.

The total economic benefit from realizing climate opportunities could exceed $20 million by 2060.

As part of the climate analysis, a set of recommendations was developed to strengthen the Company's resilience to climate risks. Key measures include implementation of a public reporting system, regular review of climate risks, development of monitoring plans for vulnerable regions, energy efficiency improvements in data centers, calculation of Scope 3 emissions, and consideration of participation in the Net-Zero initiative.

REGISTRY OF CLIMATE OPPORTUNITIES OF KAZAKHTELECOM JSC

Opportunities	Activities	Horizon
Energy efficiency improvement and process optimization	› De-duplication of copper lines and replacement with LED lighting; › Implementation of intelligent control systems; › Optimization of network and data center operations.	Short-term
Transition to renewables	› Purchase of green certificates; › Development of smart grids; › Procurement of alternative energy and switch to environmentally friendly fuels.	Short-/Mid-term
Carbon offset commercialization	› Implementation of climate projects and subsequent emissions offsetting.	Mid-term
Digital modeling	› Use of digital technologies to optimize infrastructure design and operation.	Mid-term
Resource consumption minimization	› Reduction of imported electricity, heat, and fuel consumption. › Reduction of fossil fuel use at stationary and mobile sources.	Short-term
Digitalization and development of sustainable products	› Development and promotion of digital and telecom services/products to reduce the carbon footprint. › Promotion of IoT solutions.	Short-term

The assessment included financial modeling, covering energy supply costs, maintenance, facility adaptation, and projected indirect impacts on revenue, capital investment structure, and access to sustainable financing.

In the short- and medium-term, climate risks do not significantly affect the Company's financial stability.

Under low and moderate emission scenarios (RCP2.6 and RCP4.5), the Company demonstrates steady growth and strong adaptability to changing climate conditions. Significant impacts may occur post-2050 under the high-emissions scenario (RCP8.5), including rising costs and reduced profitability. Long-term climate risks are incorporated into strategic planning.

CLIMATE RISK MANAGEMENT

Climate risk management in the Company is carried out within the corporate risk management system and is integrated into the unified Risk Registry. Environmental/climate risk is categorized under operational risks and covers factors such as violations of environmental legislation, waste management issues, and insufficient environmental oversight. Climate risks are regularly reviewed during updates of the risk map, taking into account likelihood and impact magnitude. Mitigation and management measures are developed for key risks.

Approach to Climate Risk Identification and Assessment

The Company employed a structured and scientifically grounded approach to identifying and assessing climate risks, aligned with international TCFD recommendations, as well as IPCC methodologies, guidance from the European Bank for Reconstruction and Development (EBRD), and the Network for Greening the Financial System (NGFS).

The assessment covers both transition risks (regulatory changes, market and technological shifts, investor ESG expectations) and physical risks (extreme weather events, overheating, floods, power supply disruptions). The analysis considers the geographic distribution and climate vulnerability of Company assets.

Climate risk identification and assessment involved the following elements:

1. Stage one: Assessment of external climate and economic environment:
   - Historical and current climate trends (temperature, precipitation, wind loads);
   - Dynamics of global and regional climate factors;
   - Key demographic, technological, legal, political, and economic drivers;
   - Potential changes in supply chains, service demand, and consumer behavior.
2. Classification of climate risks according to TCFD and climate analysis framework:
   - Physical risks (acute and chronic);
   - Transition risks (regulatory, market, technological, reputational).

CATEGORIES OF CLIMATE RISKS AND OPPORTUNITIES

Transition Risks	Physical Risks	Opportunities
Policy and Legal	Acute	Resource Efficiency
Technology	Chronic	Energy Source
Market		Products/Services
Reputation		Markets
		Resilience

A STEEP analysis was also conducted to identify external factors–Social, Technological, Economic, Environmental, Political–affecting the Company.

STEEP MODEL OF KEY FACTOR TYPES

Social	Technology	Economic
Social/Lifestyle Factors	Basic Research Trends	Macroeconomic Trends
Demographic Patterns	Emerging Tech-nologies	Microeconomic Trends
Health & Education Trends	Technology Diffu-sion	Regional/National Variations
Civil Stability & Tensions		Financial Capital Trends
		Trade Rules/Protectionism

Environment	Political
Ecosystem Trends Climate/	Policies
Weather Trends	Laws/Regulations
Pollution	Court Decisions
Recycling and Waste Disposal	Political Attitudes
Energy	
Land Use	

[10] Regional climate forecasts (Kazhydromet, World Bank Climate Portal) were used, which allowed for the localization of risks by region and the identification of particularly vulnerable assets, mainly in the southern regions of the country.

3. Kazakhtelecom JSC applied a model combination based on the Representative Concentration Pathways (RCP) developed by the Intergovernmental Panel on Climate Change (IPCC), along with the NZE2050 (Net Zero Emissions 2050) scenario. The RCP2.6, RCP4.5, and RCP8.5 scenarios were used to evaluate consequences of various global warming levels and their impact on infrastructure, energy consumption, and operational resilience:

- RCP 2.6 – low-carbon pathway (1.5–2°C goal);
- RCP 4.5 – intermediate emissions level;
- RCP 8.5 – high-emissions scenario with intensified physical consequences.

The NZE2050 scenario focuses on achieving carbon neutrality by 2050 and was used to assess transition risks related to climate policy, technological changes, and market expectations.

1

Assess materiality of climate-related risks:

- Market and technological changes
- Reputational risks
- Political and and capabilities legal risks
- Physical risks

Assessment of the Company's current and future climate-related risks. Do these have the potential to be material in the future? Are organizational stakeholders concerned?

2

Identify and define range of scenarios:

Scenarios that include a range of transitional and physical risks relevant to the Company.

Determining which scenarios and interpretations are appropriate considering the identified impacts. Consider input parameters, assumptions, and analytical choices. What reference scenario(s) should be used?

3

Evaluate business impacts:

Impact on:

- Resource costs
- Operating expenses
- Revenues
- Supply chain
- Business interruption
- Time

Evaluate the potential effects on the organization's strategic and financial position under each of the defined scenarios. Identify key sensitivities.

4

Identify potential responses:

Responses may include:

- Change in business model
- A change in the composition of the portfolio
- Investments in technology and capabilities

Use the results to identify applicable, realistic decisions to manage the identified risks and opportunities. What adjustments to strategic/financial plans would be needed?

Following scenario analysis, an assessment was conducted on potential impacts to the Company's business model, key assets, and financial performance. The approach included both qualitative and quantitative elements, such as spatial vulnerability analysis, scenario evaluation, and financial modeling based on current climate and economic data.

To assess physical risks, 25 key infrastructure sites were selected, including data centers in major cities and regional centers across Kazakhstan.

These sites represented three segments of the value chain:

- Infrastructure;
- Operation;
- Business processes.

Georeferenced climate data was used by region to account for projected changes in precipitation, temperature, wind loads, and other parameters.

Transition risks were assessed with a focus on potential legislative changes, decarbonization policies, market expectations, and technological developments. Their impact on cost structure and investment plans was considered.

For each climate risk, scale and likelihood of impact were determined, taking into account the scenario, site sensitivity, and reliance on external resources. The model factored in potential increases in electricity costs, need for facility modernization, and adaptation-related expenditures.

As a result, priority zones and assets most vulnerable to climate impacts were identified–primarily those located in the southern regions of Kazakhstan, where risks of overheating and energy disruptions are expected to rise.

ASSETS OF KAZAKHTELECOM JSC MOST EXPOSED TO CLIMATE RISKS

Category	Type	Indicator/Unit	Potentially vulnerable assets of Kazakhtelecom		Number of assets
Temperature	Chronic	Average daily temperature (°C)	Regions: Akmola, Almaty, and East Kazakhstan	Cities: Astana, Kokshetau, Almaty, Taldykorgan, Ust-Kamenogorsk, Semey	13
	Chronic	Annual minimum daily temperature (°C)			
	Chronic	Annual maximum daily temperature (°C)			
Precipitation	Acute	Snowfall (mm)	Regions: Atyrau, Mangystau, and South Kazakhstan	Cities: Atyrau, Aktau, Shymkent	4
	Chronic	Annual precipitation (mm)			
Flood	Acute	Flood (m)	Regions: Atyrau, Mangystau	Cities: Atyrau, Aktau	2
Extreme weather (wind load)	Chronic	Maximum wind speed (m/s)	Regions: Zhambyl, South Kazakhstan, and Akmola	Cities: Taraz, Shymkent, Astana, Kokshetau	9

Monitoring and Risk Management

Climate-related risks are integrated into the overall corporate risk management process, ensuring their consistent consideration alongside other strategic and operational factors. The company employs a dual-assessment approach, evaluating both potential losses and strategic opportunities. Response mechanisms are developed within the framework of adaptation and investment policies and include:

- modernization of facilities in vulnerable regions;
- introduction of energy-efficient solutions;
- retrofitting of cooling systems and backup power supply;
- enhancement of network and data center resilience to physical impacts.

Management decisions are made with regard to the projected impact on expenditures (CAPEX, OPEX), income stability, operational continuity, supply chain resilience, and financing conditions. Priority is given to risks that may significantly affect financial performance or disrupt service provision. Adaptation measures are developed for such risks, including adjustments to investment programs and operational planning.

Monitoring is carried out on an ongoing basis with the involvement of responsible departments. If necessary, information on the escalation of climate risks is promptly communicated to the Management Board and the Board of Directors. The company also monitors changes in the regulatory environment and international requirements, including the potential introduction of carbon regulation in the Republic of Kazakhstan.

CLIMATE CHANGE METRICS AND TARGETS

GRI 305-1, 305-2

Kazakhtelecom JSC prioritizes accurate accounting and comprehensive analysis of greenhouse gas (GHG) emissions, considering them a crucial element in assessing the climate impact of its operations. To achieve its decarbonization and sustainable development goals, the Company has implemented a systematic approach to carbon emissions monitoring and management. Regular monitoring and transparent reporting enable the Company to track performance trends, identify patterns in a timely manner, and make well-informed management decisions aimed at reducing environmental impact.

To respond effectively to climate challenges, the Company has adopted a Low-Carbon Development Program focused on integrating climate aspects into operational activities and the sustainable development strategy.

Methodology for Greenhouse Gas Emissions Calculation

To ensure the accuracy of its calculations, the Company adheres to internationally recognized standards, enabling a more comprehensive accounting of emissions. Scope 1 emissions are calculated in accordance with the Methodology for Calculating Emissions and Removals of Greenhouse Gases, approved by Order No. 9 of the Minister of Ecology and Natural Resources of the Republic of Kazakhstan dated January 17, 2023.

Scope 2 emissions are calculated in accordance with Order No. 260 of the Acting Minister of Ecology, Geology and Natural Resources of the Republic of Kazakhstan dated July 19, 2021, "On approval of the list of benchmarks in regulated sectors of the economy."

In 2021, Kazakhtelecom JSC conducted a baseline inventory of greenhouse gas emissions across its key structural units covering the entire territory of Kazakhstan. The inventory included the following branches:

- Corporate Business Division
- Retail Business Division
- "Network Division" Association
- Information Technology Division
- "Telecom-Complect" Directorate
- "Service Factory"
- "Academy of Infocommunication Technologies" Directorate
- Telecommunications and Infrastructure Construction Directorate.

Subsidiaries and affiliated companies were not included within the inventory boundaries. Annual inventories are conducted in line with the GHG Protocol methodology, which includes the definition of operational boundaries and classification of emissions as follows:

- Scope 1 – Direct emissions: GHG emissions from sources owned or controlled by the Company
- Scope 2 – Indirect energy emissions: GHG emissions from the generation of purchased electricity, heating, or steam consumed by the Company.

The results of this inventory formed the foundation for the development of the Company's climate monitoring system and carbon footprint management framework.

Analysis of Current Scope 1 and Scope 2 GHG Emissions

In 2024, the total volume of GHG emissions (Scope 1 + Scope 2) amounted to 208,436 tons of CO_2-eq, which is 7.3% lower than the 2023 level (224,857 tons of CO_2-eq).

Key changes:

- Scope 1 (Direct emissions) increased from 24,319 tons to 25,787 tons of CO_2-eq (+6.0%). Carbon dioxide (CO_2) continued to represent the majority share – 25,246 tons. Minor increases were also recorded for methane (CH_4) – from 201 to 212 tons, and nitrous oxide (N_2O) – from 321 to 329 tons.
- Scope 2 (Indirect energy emissions) decreased from 200,538 tons to 182,648 tons of CO_2-eq, representing an 8.9% reduction.

Kazakhtelecom JSC actively implements energy efficiency measures aimed at reducing GHG emissions. These initiatives are a key component of the Company's climate strategy and demonstrate progress toward its decarbonization and sustainable development goals.

208,436 ↓ 9.1%

tons of CO_2-eq.

the total volume of GHG emissions (Scope 1 + Scope 2) in 2024

25,787 ↓ 7.3%

tons of CO_2-eq.

Scope 1 (Direct emissions)

182,648 ↑ 9.4%

tons of CO_2-eq.

Scope 2 (Indirect energy emissions)

GRI 305-1

VOLUME OF GREENHOUSE GAS EMISSIONS, TONS OF CO_2-EQ

Indicator	2022	2023	2024
Direct GHG emissions (Scope 1), including:	20,602	24,319	25,787
– Carbon dioxide (CO_2)	20,172	23,797	25,246
– Nitrous oxide (N_2O)	251	321	329
– Methane (CH_4)	178	201	212
Indirect energy GHG emissions (Scope 2)	204,276	200,538	182,648
Total GHG emissions	**224,878**	**224,857**	**208,436**

GHG emissions data for Scope 1 for 2022 and 2023 were recalculated to align with 2024 reporting in accordance with IPCC methodology.
Scope 2 emissions were calculated using the regional method recommended by the GHG Protocol.

GRI 305-4

CARBON INTENSITY TRENDS, TONS OF CO_2-EQ PER MILLION KZT

Indicator	2022	2023	2024
GHG emissions (Scopes 1 and 2), tons of CO_2-eq	224,878	224,857	208,436
Revenue of Kazakhtelecom JSC, million KZT	278,111	299,725	309,484
Carbon intensity, tons of CO_2-eq / million KZT	**0.81**	**0.75**	**0.67**

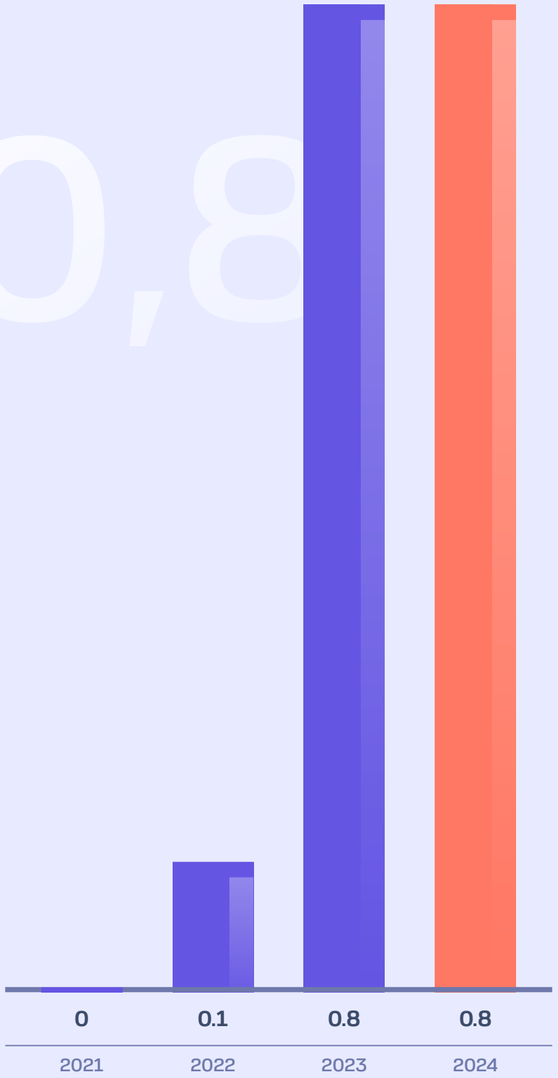
Kazakhtelecom JSC systematically works to improve the energy efficiency of its data centers (DCs), recognizing their critical role in supporting the country's digital infrastructure. A top priority is reducing specific energy consumption while increasing computing capacity and system reliability.

To improve energy efficiency, the Company plans to modernize its DCs, including the installation of new equipment and capacity expansion within existing facilities. Particular attention is paid to the summer season, when the load on cooling systems increases – this period requires enhanced energy efficiency and system reliability to maintain stable IT infrastructure operations.

From 2021 to 2023, the total energy consumption of data centers demonstrated a steady decrease – in 2023, consumption dropped by 8.2% compared to 2021. However, despite the positive trend in energy consumption, the share of renewable energy sources (RES) in the energy mix remains at 0%. This indicates potential for transitioning to more sustainable energy sources and the opportunity to integrate renewable solutions into the data center energy supply architecture.

Kazakhtelecom JSC is considering a phased transition to RES as part of its medium-term climate strategy. This would help reduce the Company's carbon footprint and enhance the resilience of its digital infrastructure.

ENERGY EFFICIENCY IN DATA CENTERS OF JSC KAZAKHTELECOM, %



The Company views its current performance indicators as benchmarks for further development. Its climate strategy includes plans to expand energy efficiency programs, implement innovative technological solutions, and reduce carbon intensity over the long term.

Targets under the Low-Carbon Development Program and ESG Strategy

Kazakhtelecom JSC sets clear and measurable climate targets aimed at reducing its carbon footprint, increasing energy efficiency, and transitioning to sustainable energy sources. These targets are aligned with international best practices and Kazakhstan's national climate goals and cover both the short- and long-term horizons. They are based on GHG emission calculations across Scopes 1, 2, and, in the future, Scope 3.

Long-term target:

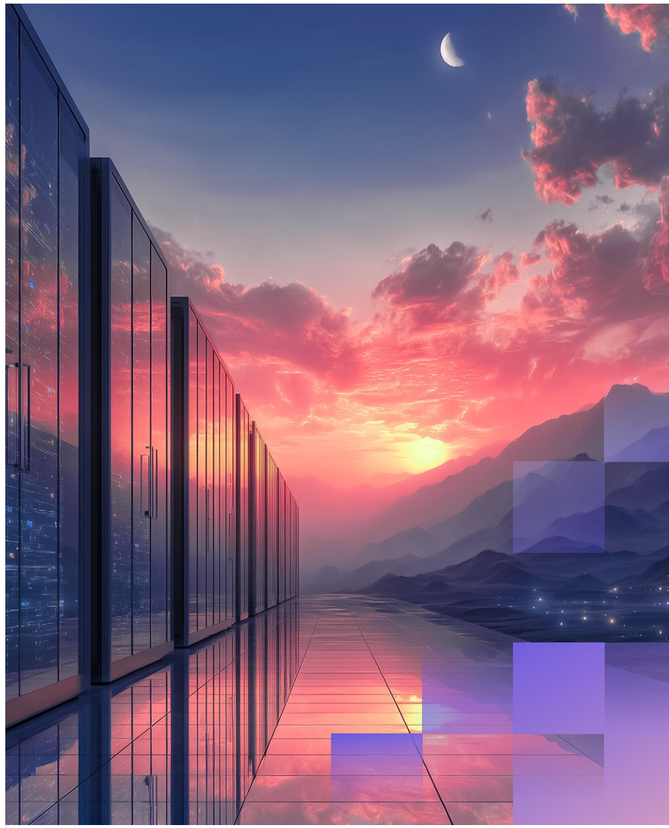
- Achieve carbon neutrality by 2060, in line with the national decarbonization strategy of the Republic of Kazakhstan.

Mid-term targets (by 2032):

- Reduce Scope 1 and Scope 2 GHG emissions by 13% compared to the 2021 baseline.
- Reduce imported electricity consumption by an average of 1.5–2% annually.
- Reduce imported thermal energy consumption by an average of 1% annually.
- Transition to RES: Gradual increase in the share of renewable energy in the energy mix, including the purchase of "green" electricity with I-REC certificates, with a target of 10,700 MWh by 2032.
- Implement offsetting measures: Build a portfolio of offset projects by 2029.

Plans for 2025 and the mid-term period:

- Revise the Low-Carbon Development Plan through 2032 to reflect updated climate challenges and technological capabilities.
- Develop a climate engagement plan with counterparties (within the supply chain and Scope 3).
- Expand public disclosure of climate-related risks in the Annual Report.
- Conduct Scope 3 assessment (non-energy emissions) and disclose the results publicly.



SUSTAINABILITY REPORT: S ASPECT

The Company's greatest asset is its employees. The Company provides equal opportunities for professional and personal development and prioritizes their safety and well-being.

EMPLOYEE RELATIONS

MANAGEMENT APPROACH

GRI 3-3

Kazakhtelecom JSC provides its employees with fair compensation and social support, invests in training and development programs, and strives to improve working conditions.

To attract digital talent, Kazakhtelecom JSC is implementing a multi-tiered staffing program, actively cooperating with universities, and in the future, plans to nurture its future employees starting from school age.

The Company offers various programs for employees, including the "Demeu" social support program, medical insurance, and a preferential mortgage lending program.

Kazakhtelecom JSC ensures equal pay opportunities regardless of position or gender. The average monthly salary in the Company is determined based on internal compensation rules and does not depend on the employee's job title.

The Company continues implementing the Employee Experience strategy, adopted in 2021, which outlines the key strategic initiatives in human resource management.

EMPLOYEE EXPERIENCE STRATEGY

ORGANIZATIONAL DEVELOPMENT

New management model:

- Transition to a divisional management model
- Centralization of operational and strategic functions
- Optimization of the Head Office structure (-158 FTE or 39% of Head Office staff)

Performance Efficiency:

- Monthly, semi-annual, and annual performance assessments through KPI implementation
- Identification of labor inefficiencies via Big Data analysis

Compensation System Effectiveness:

- Production staff salaries ≈ market median, including annual indexation and job grade adjustments reflecting minimum wage growth
- Implementation of an economic model for wage budget planning
- Reward system management based on grading methodology
- Introduction of additional incentives for project teams and digital transformation teams (FCF)

Labor Productivity Increase:

- Overall headcount optimization over 4 years: -3,115 FTE (-15%)
- Administrative staff reduced by 419 FTE (-26%)

WELL-BEING AND HEALTH

Implementation of a comprehensive Well-Being program:

- Development of the Wellbeing program (health monitoring, medical screenings, wellness marathons, fitness and health activities, individual psychological counseling, annual medical check-ups, vaccination, and line manager training).

Industrial Relations Development:

- Strengthening social partnerships with industry and local trade unions
- Updating the collective agreement
- Systematizing employee grievance handling
- Zero-tolerance policy toward workplace violence
- Monitoring living and working conditions through IR screening
- Conducting research on employees' social stability and well-being (SRS).

Social Support:

- Implementation of the Demeu program to support specific employee categories. In 2024, over 1,600 employees received social support totaling more than KZT 300 million, including:
  - Continued issuance of targeted interest-free loans
  - Continued preferential lending program
  - Supplementary agreement to the Collective Agreement signed on 01.06.2023
  - Medical insurance agreement signed for 2024.

CORPORATE CULTURE

Development of corporate CREDO values:

- Updated corporate values code developed
- Top managers engaged as ambassadors of value promotion
- CREDO projects implementation: 2023, Western region (4 oblasts), 170 leaders, 43 projects, 1,100 participants
- Collaboration of alumni and project updates reflecting new business realities
- Women's leadership forum.

Recognition of Achievements:

- Implementation of non-monetary motivation programs:
  - Best in Profession awards
  - Government awards
  - Corporate awards
  - Professional holidays.
- Recognition with jubilee awards for length of service and the honorary title "Uzdik baylanysshy" on the 30th anniversary.

Dynasty Program:

- IT-Summer Camp for employees' children
- "play/learn/be safe (HSE)" for employees' children
- Digital Literacy Olympiad in cooperation with AITU for senior students
- Tuition reimbursement for employees' children enrolled in universities.

EX OPERATIONS

Development of the Corporate University of Kazakhtelecom JSC:

- Launch of specialized academies:
  - Service and Sales
  - Technical
  - Leadership & JAS
  - Financial
  - HSE & ESG
  - EX
  - Digital
  - QAZAQ & ENGLISH.
- Internal service trainer pool established for state language training
- eMBA projects launched to develop the talent pool.

ProTelecom Internship Program:

- Transformation of recruitment via university relations:
  - 26 memorandums with universities
  - 40 memorandums with vocational schools
  - 834 students enrolled in internships
  - 201 students employed.

EX Process Digitalization:

- Development of the Employee Portal ecosystem
- Development of ktbot – a training and communication assistant
- Automation of 6 EX processes based on EJM.

PRINCIPLES OF KAZAKHTELECOM JSC HR POLICY

Social Responsibility

The Company complies with the labor legislation of the Republic of Kazakhstan in its employee relations to ensure social well-being.

HR System Transparency

The Company applies transparent HR procedures through systemic processes (appointments, career development, training and development, performance evaluation, etc.) to achieve strategic goals under the Employee Experience program.

Succession

The Company views employee training and development as vital tools for ensuring a qualified succession pipeline.

Client-Centricity

The HR function aims to enhance a client-oriented approach through employee interaction with external customers, promoting a positive business reputation.

Individual Responsibility

HR professionals promote strong self-discipline and individual accountability among employees to achieve high performance.

The balance of interests and goals of Kazakhtelecom JSC and its employees

The Company respects the interests of its employees and bases decisions on their needs while equally expecting employees to respect the Company's interests to support its business goals.

Innovative Thinking

The Company sees innovative thinking as a competitive advantage and ensures all conditions are in place for employees to cultivate innovation, with a focus on optimizing and automating Company products and technologies.

Kazakhtelecom JSC manages human resources in line with the labor laws of the Republic of Kazakhstan, internal regulations, policies, and codes, while taking into account international best practices.

The HR management system of Kazakhtelecom JSC is governed by the Employee Experience Office. The main responsibilities of this department include enhancing employee efficiency, fostering personnel development, and strengthening corporate culture.

Kazakhtelecom JSC strictly adheres to the requirements of Kazakhstan's labor laws and maintains principles of fair recruitment, development, and working conditions for all employees. The Company continuously improves the organizational mechanisms and procedures of the HR function.

The “Personnel Management Policy of Kazakhtelecom JSC” remains in effect.

Key areas of the Policy include:

- Recruitment, motivation, and creation of favorable conditions for qualified staff through human resource development aligned with the Company’s strategic goals
- Effective development of corporate culture that supports the realization of the Company’s strategy
- Introduction of modern methods and advanced HR technologies, improvement of EX processes to enhance the efficiency of EX functions.

The Policy’s objective is to define principles and approaches to HR management aligned with the business strategy “JRun” and the four strategic development directions (SNR):

1. Jaqyn – business transformation through outstanding customer experience
2. Birlik – internal client focus and improving their experience
3. Alau – full data potential utilization, IT infrastructure modernization, information security, microservices-based architecture, and multi-cloud environments
4. Orken – network modernization and operational efficiency improvement.

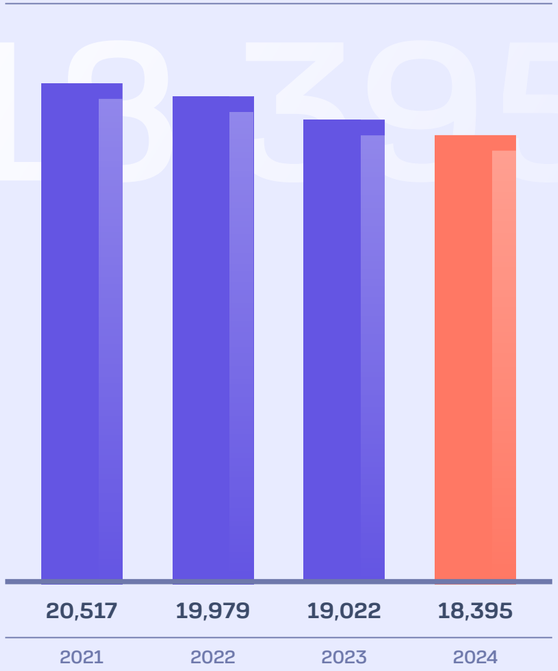
Employee training and development is overseen by the Employee Experience Office – a structural unit of the Company’s HR system. Its activities are governed by the following internal documents:

- Rules for Knowledge Management at Kazakhtelecom JSC
- Rules for Talent Pool Formation and Training at Kazakhtelecom JSC.

WORKFORCE SIZE AND STRUCTURE

GRI 2-7

WORKFORCE DYNAMICS, 2021–2024, PERSONS



18,395 persons

3.3%

Workforce headcount as of 2024

GRI 405-1

WORKFORCE BREAKDOWN BY AGE GROUP AS OF DECEMBER 31, 2024

Category	Total, persons	Under 30		30-50		Over 50	
		Persons	Share, %	Persons	Share, %	Persons	Share, %
Total workforce	18,395	2,853	15.5	10,449	56.8	5,093	27.7
- in management positions	1,121	22	2	745	66.4	354	31.6
- specialists	12,831	2,102	16.4	7,655	59.7	3,074	23.9
- workers	4,443	729	16.4	2,049	46.1	1,665	37.5

GRI 405-1

WORKFORCE BREAKDOWN BY GENDER AS OF DECEMBER 31, 2024

Category	Total, persons	Men		Women	
		Persons	Share, %	Persons	Share, %
Total workforce	18,395	11,702	63.6	6,693	36.4
- in management positions	1,121	797	71.1	324	28.9
- specialists	12,831	6,768	52.7	6,063	47.3
- workers	4,443	4,137	93.1	306	6.9

GRI 405-1

EMPLOYEES WITH DISABILITIES

Category	Total, persons	Men		Women	
		Persons	Share, %	Persons	Share, %
Total number of employees with disabilities	228	159	69.7	69	30.3
- in management positions	7	5	71.4	2	28.6
- specialists	158	97	61.4	61	38.6
- workers	63	57	90.5	6	9.5

WORKFORCE BREAKDOWN BY ETHNICITY AS OF DECEMBER 31, 2024, PERSONS

Ethnicity	Number of employees
Kazakhs	13,853
Russians	2,999
Koreans	61
Germans	193
Ukrainians	381
Tatars	242
Others	666
Total	**18,395**

GRI 405-1

BREAKDOWN OF GOVERNING BODIES BY AGE AS OF DECEMBER 31, 2024

		Under 30		30-50		Over 50	
Category	Total, persons	Persons	Share, %	Persons	Share, %	Persons	Share, %
Board of Directors	7	0	0	5	71	2	29
Management Board	7	-	-	4	57	3	43

GRI 405-1

BREAKDOWN OF GOVERNING BODIES BY GENDER AS OF DECEMBER 31, 2024

		Men		Women	
Category	Total, persons	Persons	Share, %	Persons	Share, %
Board of Directors	7	7	100	0	0
Management Board	7	6	86	1	14

The majority of employees fall within the 30–50 age group, accounting for 56.8% of the total workforce. Employees over the age of 50 represent 27.7%, while young people under 30 account for 15.5%. Male employees make up 63.6% of the workforce, while female employees represent 36.4%.

36.4%

is the share of women among the total workforce in 2024

GRI 2-7

NUMBER OF PERMANENT AND TEMPORARY EMPLOYEES OF KAZAKHTELECOM JSC BY GENDER AND REGION IN 2024

	Permanent employees, persons		Temporary employees, persons	
Region	Men	Women	Men	Women
Total	**11,639**	**6,586**	**63**	**107**
Abai Region	416	154	1	5
Akmola Region	770	276	0	2
Aktobe Region	598	335	1	11
Almaty Region	508	153	1	7
Atyrau Region	423	211	7	5
West Kazakhstan Region	385	184	0	1
Zhambyl Region	466	190	1	2
Zhetysu Region	484	224	3	3
Karaganda Region	689	401	2	7
Kostanay Region	726	323	0	3
Kyzylorda Region	328	206	0	1
Mangystau Region	269	172	2	4
Pavlodar Region	558	291	4	7
North Kazakhstan Region	677	184	0	2
Turkistan Region	463	107	0	0
Ulytau Region	81	48	0	2
East Kazakhstan Region	497	314	3	5
Astana city	963	726	10	8
Almaty city	1,915	1,780	22	20
Shymkent city	423	307	6	12

14%

Share of women on the Management Board

18,225

persons

during the reporting period, the number of employees working under permanent employment contracts

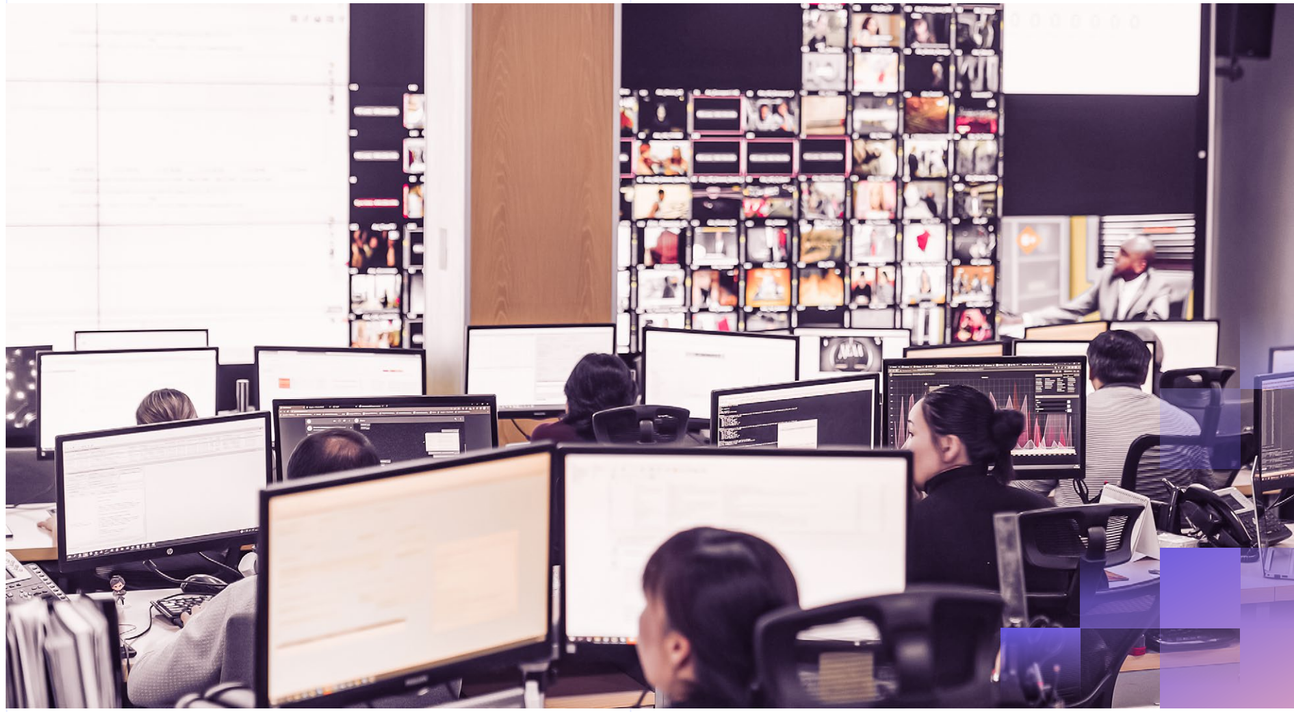
GRI 2-7

In 2024, the number of full-time employees of Kazakhtelecom JSC was 18,257, including 11,612 men and 6,645 women. The Company also employed 138 part-time employees, including 90 men and 48 women.

	Full-time employees, persons		Part-time employees, persons	
Region	**Men**	**Women**	**Men**	**Women**
Total	**11,612**	**6,645**	**90**	**48**
Abai Region	415	157	2	2
Akmola Region	746	278	24	0
Aktobe Region	598	336	1	10
Almaty Region	509	160	0	0
Atyrau Region	430	214	0	2
West Kazakhstan Region	383	178	2	7
Zhambyl Region	467	191	0	1
Zhetysu Region	487	227	0	0
Karaganda Region	672	406	19	2
Kostanay Region	701	321	25	5
Kyzylorda Region	316	194	12	13
Mangystau Region	271	176	0	0
Pavlodar Region	562	298	0	0
North Kazakhstan Region	674	186	3	0
Turkistan Region	463	104	0	3
Ulytau Region	79	50	2	0
East Kazakhstan Region	500	318	0	1
Astana city	973	733	0	1
Almaty city	1,937	1,800	0	0
Shymkent city	429	318	0	1

GRI 2-8

In 2024, 1,968 employees worked for the Company under civil law contracts, being engaged in project-based and temporary work, including territory cleaning, maintenance services, and other auxiliary activities.



18,257

persons

employees of the Company working on a full-time basis in 2024

138

persons

employees of the Company working on a part-time basis in 2024

1,968

persons

employees working in the Company under civil law contracts in 2024

RECRUITMENT

Kazakhtelecom JSC carries out the recruitment procedure in accordance with the Rules of Selecting Personnel of Kazakhtelecom JSC. Recruitment for vacant positions and working professions in the Company is carried out by structural divisions of the General HR Service Centre and Employee Experience Management Service.

Principles of personnel selection:

- recruitment planning based on business needs;
- clear and transparent selection criteria based on the requirements to the position and the Competence Model;
- transparent tender procedures;
- professionalism, personal qualities of the candidate and his/her compliance with the qualification requirements and competencies for the position;
- reasonableness of decisions taken based on the meritocracy principle;
- use of candidates evaluation methods that are relevant for each position, making it possible to make objective decisions when hiring personnel;
- non-discrimination, professional, open and respectful attitude towards all candidates;
- compliance with laws of the Republic of Kazakhstan;
- rational use of resources for attracting and recruiting personnel.

Personnel selection is carried out on a competitive basis. In-house candidates, including those in the personnel reserve, have priority when filling a vacant position. Applicants for search and selection of qualified specialists can be:

- the Company's employees, including reservists in the personnel reserve of Kazakhtelecom JSC;
- employees of Kazakhtelecom JSC's Group of companies;
- employees of Samruk-Kazyna JSC Group;
- candidates participating in the competition for a vacant position;
- graduates of universities, senior students.

The Company has adopted an Equal Opportunity, Inclusion and Diversity Policy, one of the key principles of which is to strive to build diverse teams and promote diversity initiatives, including prioritising local hiring as well as targeted recruitment.

If necessary, the Company selects external candidates. The Company uses the following tools to search for potential new employees:

- electronic database of candidates formed on the Unified Online Recruitment Platform Samruk Qyzmet (https://qsamruk.kz/);
- electronic CV database generated by the Company;
- specialised sites with CV databases (Qyzmet.kz, Kz.jooble.org and others);
- social networks (Facebook, LinkedIn and others);
- electronic database of graduates of young specialists development/talent management programmes implemented by the Company/Samruk-Kazyna JSC.

In 2024, 1,947 new employees were hired by the Company. Among them, 13 individuals were selected from the Company's Talent Pool. The majority of the newly hired employees were under the age of 30.

GRI 404-1

NUMBER OF NEWLY HIRED EMPLOYEES, PERSONS

Category	2022	2023	2024
Total for the Company:	**2,175**	**1,809**	**1,947**
By gender group:			
- Women	715	605	634
- Men	1,460	1,204	1,313
By age group:			
- Less than 30 years	1,216	928	956
- 30-50 years	813	718	851
- More than 50 years	146	163	140

1,947

persons

number of new employees hired by the Company in 2024

GRI 401-1

NUMBER OF NEWLY HIRED WORKERS BY REGION, PERSONS

Region	2022	2023	2024
Total	**2,175**	**1,809**	**1,947**
Abai Region	39	42	47
Akmola Region	104	56	70
Aktobe Region	77	77	78
Almaty Region	86	73	105
Atyrau Region	78	56	76
West Kazakhstan Region	66	55	57
Zhambyl Region	64	23	31
Zhetysu Region	77	68	67
Karaganda Region	123	86	99
Kostanay Region	109	113	75
Kyzylorda Region	27	14	20
Mangystau Region	57	46	36
Pavlodar Region	110	91	84
North Kazakhstan Region	101	63	64
Turkistan Region	28	14	20
Ulytau Region	35	24	27
East Kazakhstan Region	75	59	75
Astana city	236	268	333
Almaty city	578	495	475
Shymkent city	105	86	108

GRI 401-1

RATIO OF NEWLY HIRED EMPLOYEES, 2022-2024, %

Indicator	2022	2023	2024
Total for the Company:	**0.11**	**0.10**	**0.11**
By gender group:			
- Women	0.04	0.09	0.09
- Men	0.07	0.10	0.11
By age group:			
- Less than 30 years	0.06	0.28	0.34
- 30-50 years	0.04	0.07	0.08
- More than 50 years	0.007	0.03	0.03

STAFF TURNOVER

GRI 401-1

Kazakhtelecom JSC implements employee motivation and retention programs aimed at reducing staff turnover and encouraging employee development. In 2024, a total of 2,609 employment contracts were terminated. Compared to 2023, the number of terminated employment contracts increased by 206%.

GRI 401-1

TOTAL NUMBER OF EMPLOYEES WHOSE CONTRACTS WERE TERMINATED, BY AGE GROUP AND GENDER, PERSONS

Indicator	2022	2023	2024
Kazakhtelecom JSC	**1,444**	**1,267**	**2,609**
By gender group:			
- Women	417	345	969
- Men	1,027	922	1,640
By age group:			
- Under 30	579	482	692
- 30–50	747	666	1,101
- Over 50	118	119	816

Note: The employee turnover rate was 0.14% overall, 0.14% for women, and 0.14% for men (as a share of the Company's average headcount).

2,609

persons

number of employees whose employment was terminated in 2024

GRI 401-1

NUMBER OF EMPLOYEES WHOSE CONTRACTS WERE TERMINATED BY REGION, PERSONS

Region	2022	2023	2024
Total	**2,175**	**1,809**	**2,609**
Abai Region	39	42	81
Akmola Region	104	56	106
Aktobe Region	77	77	106
Almaty Region	86	73	122
Atyrau Region	78	56	76
West Kazakhstan Region	66	55	78
Zhambyl Region	64	23	50
Zhetysu Region	77	68	94
Karaganda Region	123	86	162
Kostanay Region	109	113	129
Kyzylorda Region	27	14	50
Mangystau Region	57	46	48
Pavlodar Region	110	91	139
North Kazakhstan Region	101	63	112
Turkistan Region	28	14	54
Ulytau Region	35	24	29
East Kazakhstan Region	75	59	106
Astana	236	268	278
Almaty	578	495	666
Shymkent	105	86	123

TALENT POOL

The Company continues to implement the Talent Management project aimed at building and training the talent pool as the main internal source of filling key positions in the Company.

This project helps the Company identify and retain talented employees with high professional potential. As part of this project, the Company runs the Leadership School, a programme where reservists receive training to develop management and leadership competencies.

PRINCIPLES OF FORMING THE TALENT POOL

Objectivity

Candidates for the talent pool are identified on the basis of objective evaluation criteria

Transparency

Procedures for selection and formation of the talent pool are carried out openly and publicly

Voluntariness

Inclusion of a candidate in the talent pool shall be at the employee's request

Equal opportunities

Any eligible employee may participate in the selection of candidates for inclusion in the talent pool

Meritocracy

The process of filling key management positions with the most capable and talented employees.

In 2024, Kazakhtelecom JSC continued systematic work on talent pool development. To update and improve the competency model in line with the Company's CREDO values and strategic goals, a new competency model was approved to ensure a unified and objective approach to assessing employee potential and development.

Following the implementation of the new model, a validation effort was carried out to update the automated competency report. A comprehensive assessment of the business potential of employees in the EX division was conducted, involving 113 participants. The assessment used online psychometric tools by SHL, including verbal and numerical reasoning tests, diagram series tests, a professional personality questionnaire, and a motivation questionnaire. These tools provided deeper insights into employees' abilities to work with new information, their strengths, task preferences, and internal motivation levels.

In addition to potential assessment, a strong focus was placed on training and development of talent pool candidates in 2024. Senior specialists continued Executive MBA programs at universities including KIMEP, Nazarbayev University, ALMAU, and De Montfort University, with 22 participants in total. In parallel, the Corporate University implemented the START MBA program, with 158 candidates completing a five-month intensive course. In April 2024, 70 more candidates completed the NEXT MBA program at Caspian University. These initiatives aim to build a high-potential pool of leaders capable of implementing the Company's strategic objectives in a dynamic business environment.

375

employees

in the talent pool for key positions (as of the end of 2024)

34

vacancies

were filled from the talent pool in 2024

HIRING INDICATORS OVERVIEW

Year	2021	2022	2023	2024
Total number of new hires, persons	1,978	2,174	1,809	1,947
Share of open positions filled by internal candidates (internal hiring), %	51	20	4.5	1.7
Average hiring cost per employee (FTE), KZT	20,338	18,316	18,596	25,413

EMPLOYEE PERFORMANCE EVALUATION

Kazakhtelecom JSC sets clear and measurable goals for its employees in the form of Key Performance Indicators (KPIs), on which remuneration is based.

The KPI system management is aimed at achieving the Company's strategic goals outlined in the Strategy, Business Plan, and other guiding documents. It covers long-term, medium-term, and operational planning.

Employees are assigned responsibility for achieving results in key business areas, with performance monitoring aligned to strategic goals, objectives, and initiatives. The Company ensures a balance between financial and non-financial KPIs and monitors progress through regular (quarterly/annual) performance evaluations, including factor analysis and the development of recommendations.

The performance planning and evaluation cycle is designed for continuous performance management throughout the calendar year. A key condition for bonus payments based on results is the availability of consolidated net profit, calculated taking into account the planned bonus payment fund.

The Company has implemented an annual Employee Rating system based on performance and competency development. This rating system categorizes employees on the Company's talent map from "ineffective" to "high leadership potential" to inform personnel decisions.

Changes introduced to the performance evaluation system in 2024:

- Updated "Rules on Current Bonuses for Employees of Kazakhtelecom JSC Branches";
- Introduced quarterly KPIs for all employees, as per the updated evaluation rules;
- Automated the process for setting and calculating the Labor Participation Coefficient (LPC).

The Company has also implemented the Individual Development Plan (IDP) system, allowing each employee to focus on enhancing their knowledge, skills, and performance.

In the reporting period, 1,756 employees (9.6% of the total headcount) were covered by regular performance and career development evaluations.

GRI 404-3

NUMBER OF EMPLOYEES COVERED BY REGULAR PERFORMANCE AND CAREER DEVELOPMENT EVALUATIONS, PERSONS

Indicator	2022	2023	2024
Kazakhtelecom JSC	**530**	**1,628**	**1,756**
By gender group:			
- Women	173	716	598
- Men	357	912	1,158
By employee category:			
- Managers	234	638	673
- Specialists	296	990	1,083
- Workers	0	0	0

REMUNERATION

Kazakhtelecom JSC provides its employees with fair and competitive remuneration

In 2024, the Company's average monthly salary amounted to KZT 467,411, an increase of KZT 52,024 or 12.5% compared to 2023.

The motivation system adopted by Kazakhtelecom JSC ensures a clear link between employee remuneration and performance, supported by the performance evaluation system.

The Company's remuneration strategy is regulated by the Compensation and Organizational Efficiency Department, which is responsible for designing an economically efficient remuneration system to attract, retain, and motivate employees.

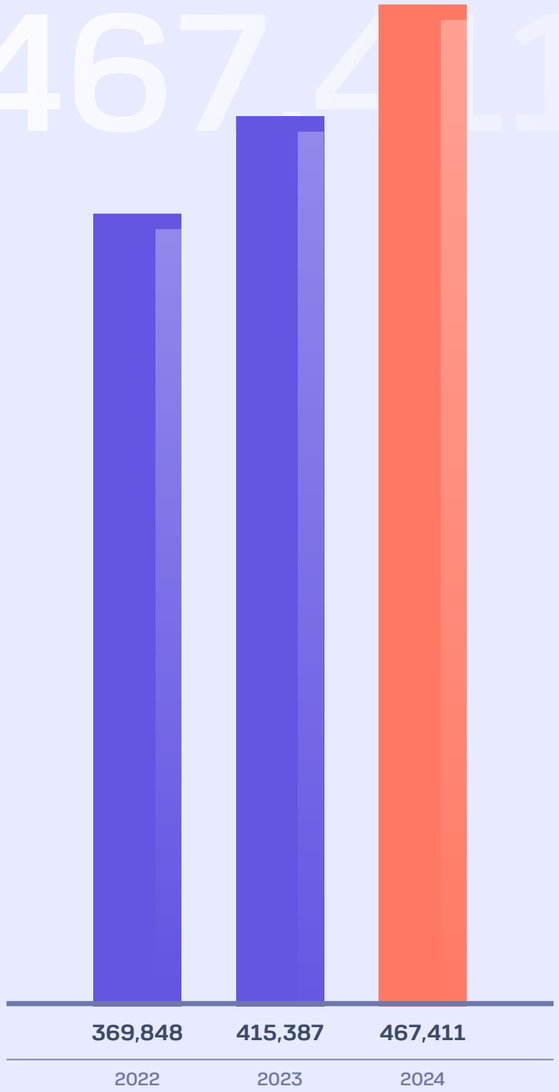
Kazakhtelecom JSC applies a grading system based on the Hay Group methodology, with standardized approaches to salary, bonuses, allowances, ongoing and one-time incentive payments, and position grading with an intergrade coefficient.

109.4

KZT billion

total payroll costs in 2024

DYNAMIC OF AVERAGE MONTHLY SALARY IN THE COMPANY, KZT



GRI 202-1, 406-1

The Company ensures that no discrimination on any grounds occurs and guarantees a fair and equitable approach to employee remuneration.

In 2024, the minimum wage of male and female employees of Kazakhtelecom JSC amounted to KZT 114,000. Given the national minimum wage of KZT 85,000, the minimum wage of the Company's employees in 2024 was 34% higher than the national level.

GRI 405-2

In 2024, the Company conducted a gender pay gap analysis. The results showed that the average salary of women in the Company was 13% lower than that of men.

In 2024, the average salary of women as a percentage of the average salary of men was 88.2%.

GRI 405-2

RATIO OF SALARIES OF MEN AND WOMEN BY EMPLOYEE CATEGORY AS OF DECEMBER 31, 2024

Indicator	Managerial positions	Specialists	Workers
Salary, thousand KZT:			
- Men	621	334	243
- Women	645	272	126
Ratio, % (base salary of women to men by employee category at Kazakhtelecom JSC)	103.9	81.4	52.1

GRI 405-2

RATIO OF REMUNERATION (BASE SALARY + BONUSES) OF MEN AND WOMEN BY EMPLOYEE CATEGORY AS OF DECEMBER 31, 2024

Indicator	Managerial positions	Specialists	Workers
Remuneration (base salary + bonuses), thousand KZT:			
- Men	229	114	76
- Women	227	101	81
Ratio, % (remuneration of women to men by employee category at Kazakhtelecom JSC)	99.3	88.7	106.4

SOCIAL STABILITY

During the reporting period, the Company continued its efforts to maintain social stability. Heads of HR functions in the divisions and branches of Kazakhtelecom JSC held meetings with employees to discuss matters of social and labor relations, payroll, and social support.

The Company has established an effective communication channel between employees and top management in the format of online conferences, which includes the following procedures:

- initial collection of a pool of questions;
- moderation of the question pool by the Communications Department of Kazakhtelecom JSC;
- a live broadcast with the Chairman of the Management Board.

The group of companies of Samruk-Kazyna JSC holds an annual monitoring of the social environment in production teams. To identify hidden social tensions in a timely manner and manage this process, Kazakhtelecom JSC, in cooperation with the Private Institution "Center for Social Interaction and Communications", conducts a sociological study called Samruk Research Services (SRS). Based on the survey results and sociologists' recommendations, an annual Action Plan to address areas of concern is developed and approved.

In 2024, the Center for Social Interaction and Communications conducted an SRS index study. The total score amounted to 68%, exceeding the threshold KPI of Kazakhtelecom JSC, which is set at 60%.

The Engagement Index measures satisfaction with infrastructure, workload, remuneration and social benefits, loyalty, communication, development and career opportunities, and recognition by leadership.

The Social Well-being Index captures self-assessment of current and dynamic well-being, including social, financial, health, and environmental quality aspects.

The Social Calm Index reflects the level of social tension, employees' perception of the protection of their rights, conflict levels within the team, and protest sentiments, including readiness to participate in protests and loyalty toward those who do.

As part of the 2024 Action Plan to address areas of concern, developed based on SRS results, Kazakhtelecom JSC implemented a set of measures aimed at improving working conditions, enhancing employee motivation, and developing corporate culture in the following areas:

- Enhancing communication and openness in interactions;
- Improving social and living conditions;
- Providing necessary resources to employees;
- Staff training and development;
- Corporate culture development and employee engagement;
- Implementation of the Well-Being program;
- Raising employee awareness of trade union and Ombudsman activities.

THE TOTAL SRS INDEX SCORE IS A COMPOSITE OF THE FOLLOWING THREE SUB-INDICES

68%

Engagement Index

54%

Social Well-being Index

84%

Social Calm Index

EMPLOYEE SOCIAL SUPPORT

GRI 2-30, 404-2

Kazakhtelecom JSC maintains a system of social support for employees that ensures comfortable and safe working conditions. The Collective Agreement of Kazakhtelecom JSC covers 92% of the Company's employees.

In accordance with the Collective Agreement, the Company continued to provide the following types of social support in 2024, regardless of the nature of employment (permanent or temporary):

- life insurance;
- medical care;
- parental leave;
- pension programs.

Additionally, under the Collective Agreement of Kazakhtelecom JSC, the Company provides support to employees in cases of downsizing and retirement, including the opportunity to transfer to vacant positions, early retirement based on service duration, paid time off for job searching, and lump-sum payments upon dismissal or retirement.

92%

Company's employees

are covered by the Collective Agreement of JSC "Kazakhtelecom"

GRI 402-1

The minimum notice period for termination of employment contracts due to workforce or position reductions, as per the Labour Code of the Republic of Kazakhstan, is 4 weeks (30 calendar days). In accordance with the Collective Agreement adopted by Kazakhtelecom JSC, this period exceeds the minimum legal requirements and is set at 45 calendar days.

GRI 401-2

In addition to standard employee benefits, the Company has introduced a "Benefits Cafeteria" system that allows employees to independently determine the structure and content of their benefits package within the limits of allocated funds and the list of available benefits.

The "Benefits Cafeteria" concept applies to employees holding the following positions:

- Managing Directors of the Head Office, Chief Treasurer, HR Director, Director for Customer Experience Management, and Business Line Directors of branches who report directly to the General Directors of the branches;
- Heads of structural subdivisions of the Head Office.

The "Benefits Cafeteria" includes the following categories:

- expansion of voluntary medical insurance coverage;
- reimbursement of educational course/program costs for employees and/or their children;
- reimbursement of costs for health resort treatment (excluding those covered under VMI), among others.

One of the Company's key social programs is the "DEMEU" program, which provides assistance to large families, families with children with disabilities, and families that have adopted more than two children. In 2024, the program was expanded to include the "single-parent family" category and financial support for caregiving for close relatives. Additionally, under the Program, social support is provided to employees on A8–B4 grades in the form of reimbursement for final-year tuition expenses in colleges/universities.

Within the "DEMEU" program, Company employees receive payments to cover expenses related to the rehabilitation of children with disabilities, special education programs, attendance at special correctional institutions, travel vouchers to children's wellness camps and sanatoriums (for children with disabilities), and financial assistance for medications, school meals, and more.

1,600

employees

received payments under the "DEMEU" program totaling in 2024

>300

KZT million

One of the focus areas of the Employee Experience strategy is ensuring the well-being and health of Kazakhtelecom JSC employees. In 2024, the Company continued to implement the Well-Being Program aimed at monitoring employee health and preventing illnesses, while promoting a healthy lifestyle. Based on employee health monitoring results for 2023, a Comprehensive Program on Well-Being and Health was developed in February 2024.

During the year, as part of the Program on Monitoring and Preventing Employee Illnesses, a set of activities was implemented to protect employee health and reduce work-related risks. The year-end results showed a positive trend in both the Health Index and the Well-Being Index. According to a survey, job satisfaction increased by 24%, which may be attributed to improved working conditions, enhanced stress management skills, a stronger moral climate, and the development of corporate culture. A total of 301 psychological support consultations were conducted.

Based on the results of the IR screening carried out in 2023, 3,954 of the 6,828 identified social and domestic condition violations were addressed in 2024. Thus, the proportion of resolved issues amounted to 58% of the total.

Parental Leave

GRI 401-3

DISTRIBUTION OF EMPLOYEES ON PARENTAL LEAVE, PERSONS

Indicator	2022	2023	2024
Total number of employees entitled to parental leave, including:	**19,979**	**19,022**	**18,395**
- Women	7,390	7,016	6,693
- Men	12,589	12,006	11,702
Total number of employees who took parental leave, including:	**1,345**	**1,008**	**122**
- Women	1,314	992	116
- Men	31	16	6
Total number of employees who returned to work during the reporting period after parental leave, including:	**379**	**368**	**389**
- Women	369	353	383
- Men	10	15	6
Total number of employees expected to return to work from parental leave, including:	**145**	**174**	**182**
- Women	139	168	181
- Men	6	6	1
Total number of employees who returned from parental leave in the previous reporting year and remained with the Company 12 months after return, including:	**221**	**226**	**121**
- Women	219	214	114
- Men	2	12	7

122

persons

the number of employees who took parental leave by the end of the reporting period

95%

the share of women among the employees who took parental leave

In 2024, the return rate was 220%, while the retention rate amounted to 33%.

Development of Corporate Culture

In 2024, Kazakhtelecom JSC celebrated its 30th anniversary since its founding. The Company was established by the Resolution of the Cabinet of Ministers of the Republic of Kazakhstan dated June 17, 1994, No. 666, and has remained a leader in the telecommunications sector for three decades. In honor of the anniversary, special initiatives and activities were held to enhance employee motivation, recognize achievements, and strengthen corporate culture:

1

Honorary Awards

- **Title "Uzdik baylanysshy"**

An additional quota was allocated by the Ministry of Digital Development, Innovations and Aerospace Industry of the Republic of Kazakhstan to recognize 32 Company employees.

2

"Kazakhtelecom Beauty – 2024" Contest

Organized to:

- increase employee motivation;
- promote healthy lifestyle values and inner beauty;
- foster corporate spirit.

Contest results:

- 15 participants received incentive certificates for Shop.telecom.kz worth KZT 10,000;
- The title of "Second Vice-Miss" was shared by two employees, each receiving a certificate worth KZT 50,000;
- The "First Vice-Miss" received a certificate for KZT 100,000;
- The winner of the contest, "Kazakhtelecom Beauty – 2024," received the grand prize – a certificate for KZT 200,000.

3

30th Anniversary Events Plan

Social media challenge: “My Job at Kazakhtelecom”

Awarding anniversary badges:

- Long-service employees (15, 20, 25, 30, 35, 40, 45, and 50 years) received commemorative badges.

“May Day”-style team-building events:

- Corporate retreats for employees were organized.

Support for telecom veterans:

- Events were held to honor and support industry veterans.

Corporate marathon:

- The “30 Years of Kazakhtelecom JSC” run brought employees together in support of an active lifestyle.

Participation in the IX Spartakiad:

- Kazakhtelecom JSC teams took part in the sports competitions of the Samruk-Kazyna JSC group of

EMPLOYEE TRAINING AND DEVELOPMENT

GRI 3-3, 404-1

At Kazakhtelecom JSC, we recognize that continuous growth and employee development are essential to the Company’s success. The Company has developed the Kazakhtelecom JSC Knowledge Management Policy, which serves as the key document regulating employee learning and development.

In 2024, a total of 39,372 learners completed training, including remote courses, in the following areas:

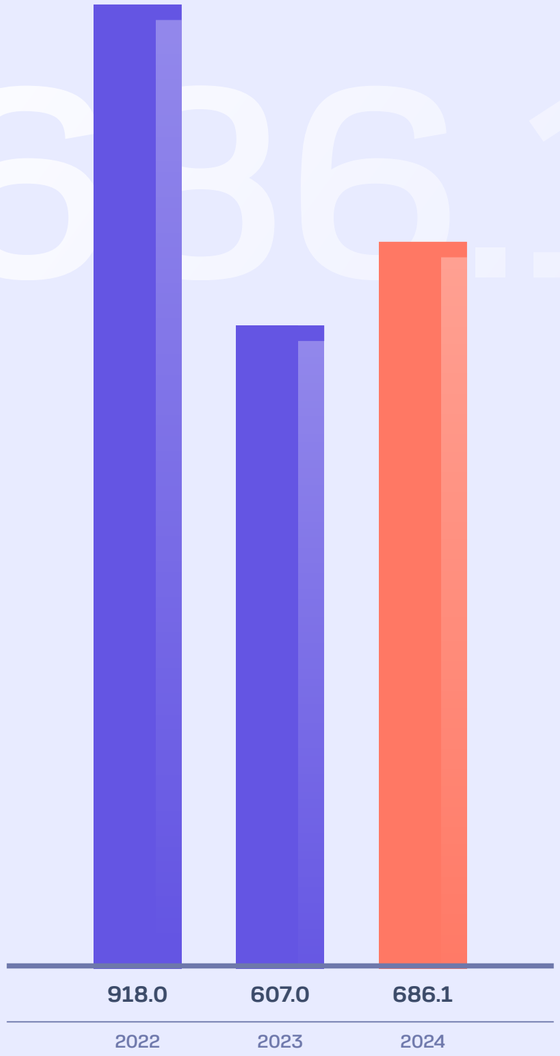
Leadership Academy, EX Academy, HSE&ESG Academy, Service and Sales Academy, Technical Academy, IT Academy, Qazaq&English Academy, Financial Academy.

Training expenses do not include travel costs associated with participation in educational activities. Annual training expenditures are planned in the Company’s budget and allocated across the following items:

- Staff training and qualification improvement;
- Travel expenses related to training and qualification improvement.

The overall decrease in investment in employee training during the reporting period is due to a lower number of employees enrolled in long-term Executive MBA programs.

KAZAKHTELECOM JSC’S INVESTMENT IN TRAINING, 2022–2024, KZT MILLION



GRI 2-4, 404-1

NUMBER OF HOURS OF EMPLOYEE TRAINING AS OF 31 DECEMBER 2023, PERSONS

Number of training hours in 2024 (hours)				
Women		Men		Total
AP	PP	AP	PP	
23,273	178,458	22,492	342,273	566,496
Number of employees trained as of December 31, 2024 (persons)				
Women		Men		Total
AP	PP	AP	PP	
856	5,837	312	11,390	18,395
Average number of training hours per employee in 2024				
Women		Men		Total
AP	PP	AP	PP	
27.19	30.57	72.09	30.05	30.80

Additionally, in accordance with the Employee Experience Strategy, a target number of training hours per employee was established. The actual average number of training hours per employee in 2024 amounted to: Men – 31.17 hours, Women – 30.1 hours. The indicator of training hours doubled compared to 2023, due to the inclusion of external training in the calculations.

18,395

persons

Number of employees trained in 2024

30.80

hours

Average number of training hours per employee in 2024

Corporate University

GRI 404-2

In 2024, the Corporate University continued operating on the basis of Astana IT University, offering opportunities for student internships and placements at Kazakhtelecom JSC, as well as recruitment of talented IT graduates.

KEY EDUCATIONAL PROGRAMS OF THE CORPORATE UNIVERSITY:

1

Leadership and Management Academy (for talent pool and managers)

901 participants in 2024

Including:

START MBA:

155 participants (3 modules) – employees with high potential and talent pool members.

Training topics included: change management, negotiation and presentation skills, corporate finance, managerial accounting, strategic and marketing management, coaching for managers, and professional communication in the state language.

Next MBA (Caspian University) – a preparatory alternative to the MBA program:

70 out of 149 talent pool members (experts, line managers) completed modular corporate training programs under Start MBA.

Customer Relationship Leadership:

242 participants completed three modules covering agile management, teamwork and customer engagement, emotional leadership, time and conflict management, cross-functional collaboration, coaching, active listening, and performance feedback.

2

HSE Academy – fostering a safety culture

Occupational health and safety (OHS) courses:

1,044 employees completed remote OHS courses via the Learning Telecom platform.

17,778 employees completed offline OHS courses.

Training sessions in 2024 included:

- "Injury Prevention and Response" – 4,093 field workers
- "Safe Driving" – 2,101 drivers (including full-time and part-time)
- "Safe Work Environment" – 1,717 middle managers.

Safety culture courses:

9,854 participants.

3

Sales and Service Academy – sales, customer service, new products

"High-Level Service Culture" training:

- 411 employees trained in Kazakh
- 1,539 employees trained in Russian.

Internal trainers pool development – 83 employees trained.

Training program for the Customer Service Department (DRB) aimed at onboarding, manager support, and high-potential employee development.

"Internal Client Service" training, Level 1 and 2:

245 employees of the Shared Services Center and Contact Center participated, focusing on communication skills, effective problem-solving, and service quality.

4

Technical Academy – GPON, CISCO, data transmission, multi-skilled technician, technical mentoring support

1,469 engineering and technical employees trained.

16,843 total participants trained at company training sites.

Courses included:

- CRM 2.0 – 153 persons
- Customer Technical Support System – 53 persons
- Workforce Management for installers – 244 persons
- Introductory course on networks and services – 291 persons.

Training events in 2024:

- NRI "Cramer" DB (IP, MPLS, Ethernet, xDSL, GPON) – 3 sessions, 15 participants, 96 hours
- "Local Network Technical Support System" – 6 sessions, 83 participants, 96 hours
- NRI "Cramer" DB (SDH, PDH, PSTN, DWDM) – 2 sessions, 15 participants, 64 hours
- Cable Manager NRI Cramer – 3 sessions, 16 participants, 60 hours
- CRM 2.0 "Orders" – 4 sessions, 16 participants, 96 hours
- AISTU. Sputnik v6 – 1 session, 12 participants, 24 hours
- GE Smallworld PNI 4.1 – 9 sessions, 120 participants, 288 hours
- Centralized Database VCIP – 2 sessions, 16 participants, 48 hours
- Fault Management principles – 11 sessions, 89 participants, 176 hours
- IT user support training – 4 sessions, 77 participants, 24 hours
- Radio link technology – 6 sessions, 72 participants, 40 hours
- Technical mentor seminar – 1 session, 16 participants, 16 hours
- Supervisors seminar – 1 session, 29 participants, 16 hours
- SAP RE-FX module – 1 session, 19 participants, 24 hours
- "Optical Network Master" training – 1 session, 42 participants, 16 hours.

Key KPIs for 2024:

- AP – increased from 97% to 98%;
- FRR – increased from 96% to 97% (based on customer requests).

5

EX Academy – Employee Experience expertise development

89 participants in trainings:

- "EX Evolution" master class;
- Effective interviewing;
- Applying labor legislation for business development;
- Organizational development management.

6

Finance Academy – financial literacy training

In partnership with the Esil District State Revenue Department of Astana, training videos were developed in Kazakh and Russian on how to fill out tax reporting forms 250 and 270.

- Distance learning courses on completing form 250 (asset and liability declaration) in Kazakh and Russian;
- 3 employees trained on form 250.00;
- 35 employees trained on form 250.00;
- 65 employees trained on form 250.00 in Kazakh.

Additional advanced financial training included:

- Finance for Non-Financial Professionals – 43 persons;
- Budgeting – 7 persons;
- Business Project Financial Evaluation – 19 persons;
- Practical Accounting – 24 persons;
- Tax Accounting – 52 persons;
- Managerial Accounting – 17 persons;
- Efficient MOL – 34 persons.

7

Qazaq&English Academy – Kazakh language training

- "Speaking Club – Кездесейік, сөйлесейік!" held in:
  - Astana – 10 participants;
  - Almaty – 7 participants;
  - Kyzylorda – 9 participants.
- In the framework of implementing the state language policy within the Company's external communication, and as part of the "Men qazaqsha soıleımin" campaign-competition in Astana, a regional field seminar was held to enhance the language competence of Kazakhtelecom JSC employees.
- Webinar-based state language courses were conducted as follows:
- Business Kazakh Language: Intensive Course (KazTest exam preparation), Level 1 – 31 participants;
- Business Kazakh Language: Intensive Course (KazTest exam preparation), Level 2 – 18 participants;"Service Delivery in the State Language" (for 165 employees), Levels A1 and A2 – 8 participants;
- "Business Communication in Kazakh" – 28 participants in Almaty;
- "Business Correspondence in the State Language" – 26 participants in Almaty.

8

Jas Academy (youth programs for school and university students) – programs aimed at attracting schoolchildren and students to the Company and competing for digital talent

IT SUMMER CAMP

Our main objective was to teach IT skills to employees' children and to increase their motivation to learn, while also enhancing employee engagement.

The long-term goal is to attract talented youth by developing educational programs for employees' children.

The educational program included:

- Robotics;
- NoCode Website Development;
- Blogging;
- Development of soft skills.

Astana IT University (Astana) served as the project partner. A total of 256 children participated in the program from the following regions:

- Central Kazakhstan – 67,
- Northern Kazakhstan – 24,
- Southern Kazakhstan – 74,
- Western Kazakhstan – 52,
- Eastern Kazakhstan – 39.

Process Automation (E-learning and Development)

A project was successfully implemented to integrate the staffing schedule and Mirapolis using Qlik Sense for more efficient data visualization related to training. This initiative allows us to track and analyze training data in real time, enabling informed decision-making, resource optimization, and enhanced efficiency of training programs. This integration significantly improves learning processes and ensures better adaptation to modern technological requirements.

MOBILE ASSISTANT KTBOT:

- Knowledge base, mobile solution, submission and resubmission of requests;
- Adaptation and welcome course for new employees, glossary;
- Search engine functionality, interface in Russian and Kazakh, mobile communication and messaging service, corporate email verification;
- SAPA+ bonus system;
- Digital Marathon;
- Occupational Safety Contest;
- Registration for financial literacy training;
- Submission confirmation of tax declarations.

The “Play | Learn | Be Safe” training program by Kazakhtelecom

is aimed at employees’ children aged 7 to 16 and focuses on developing essential personal and public safety skills. In 2024, the program trained 220 children. It includes both theoretical and practical sessions on personal safety and road safety. Since its launch in 2022, a total of 420 children have completed the program, including 88 children of employees from Samruk-Kazyna JSC portfolio companies. The program is planned to scale to 500 children in 18 cities of Kazakhstan with the participation of 29 internal trainers.

Plans for 2025 and Medium-Term Outlook

- Continuation of the Well-Being program aimed at promoting a healthy lifestyle and employee well-being;
- Continuation of funding under the “Demeu” social support program, covering expenses for children’s summer camps and sanatoriums (including for children with disabilities), medical treatment, school meals, school preparation, special and corrective education, and preschool institutions;
- Continuation of women’s support programs in the regions aimed at improving well-being and developing professional skills;
- Implementation of PROTelecom internship programs in cooperation with educational institutions, covering more than 200 students in IT, telecommunications, and engineering;
- Development of the Corporate University (organization of academic olympiads, implementation of IT development programs, providing employees access to Coursera);
- Continuation of the interest-free loan program as part of social support measures.

The “Training Assistant Robot” project was implemented – a tool for creating a positive learning experience and facilitating communication between administrators and learners. The “Telecom Learning Bot” Telegram bot was integrated into the employee portal.

RESPECT FOR HUMAN RIGHTS AND EQUAL OPPORTUNITIES

MANAGEMENT APPROACH

GRI 3-3, 406-1

Kazakhtelecom JSC is committed to protecting and upholding human rights, creating equal opportunities for all employees, and preventing conditions that may lead to gender inequality or any form of discrimination.

The Company informs employees, contractors, and other stakeholders about its policies and principles of good faith business conduct.

Kazakhtelecom JSC views the protection of human rights and the provision of equal opportunities as an integral part of its operations. The foundation of this work is laid out in the following key documents:

- Human Rights Policy
- Policy on Equal Opportunities, Inclusivity, and Diversity.

These Policies are available on the Company's website telecom.kz in the "Sustainable Development" section, under the "Human Rights and Equal Opportunities" subsection.

PROTECTION AND PROMOTION OF HUMAN RIGHTS

GRI 2-23

The Policy sets forth the principles that guide the Company in upholding human rights at all stages of its operations.

Key principles of the Human Rights Policy include:

- The Company complies with the legislation of the Republic of Kazakhstan, as well as with international human rights norms and standards, including the Universal Declaration of Human Rights adopted by the UN General Assembly, the UN Global Compact, and the ILO Declaration on Fundamental Principles and Rights at Work.
- The Company believes that all individuals are free and equal in dignity and rights, regardless of gender, race, skin color, nationality, language, origin, age, place of residence, religious beliefs, personal convictions, membership or non-membership in public associations or social groups, property or family status, social or professional standing, or any other factors not related to professional qualities.
- The Company does not tolerate any form of discrimination or violation of human dignity, nor any physical or psychological violence in the workplace.
- The Company opposes forced labor, child labor, and human trafficking.
- The Company ensures the protection of human dignity and the inviolability of private life.
- The Company adheres to the principle of zero tolerance for corruption.
- The Company strives to develop a human rights risk management procedure in line with international best practices.
- The Company aims to identify and prevent any adverse human rights impacts within its operations.
- The Human Rights Policy applies to Kazakhtelecom JSC employees, shareholders, clients, and other stakeholders.

The Company's Human Rights Policy applies to Kazakhtelecom JSC employees, shareholders, clients, and other stakeholders.

EQUAL OPPORTUNITIES

The Company continues to implement the "Policy on Equal Opportunities, Inclusivity, and Diversity," which is aimed at promoting practices of equality, inclusivity, and diversity, considering individual characteristics, and preventing discrimination at all levels of employment. The Policy aligns with international best practices and standards and complies with the legislation of the Republic of Kazakhstan.

Key principles of the Policy include:

- Compliance with the legislation of the Republic of Kazakhstan and adherence to the principles set forth in the Equal Remuneration Convention (Convention No. 100) and the 1958 Discrimination (Employment and Occupation) Convention (Convention No. 111).
- Ensuring equal opportunities, inclusivity, and diversity for all employees.
- Providing employees with social guarantees in accordance with the legislation of the Republic of Kazakhstan.
- Cultivating a corporate culture based on mutual respect, free of social biases and cultural barriers.
- Providing a decent, safe, and comfortable working environment in which every employee feels respected, accepted, and heard, and is empowered and entitled to fulfill their job responsibilities.
- Encouraging transparency in labor relations and supporting employee development and career building through assistance and opportunities for professional growth.
- Promoting team diversity and supporting diversity development initiatives, including prioritizing the hiring of local candidates and implementing targeted hiring programs.

The Policy applies to Kazakhtelecom JSC employees, shareholders, clients, and other stakeholders.

The Company ensures equal opportunities for employees in selection, recruitment, assessment, promotion, development, training, and compensation processes.

A collective agreement is in force at the Company, based on the principles of social partnership, fostering cooperation between employees and the Company. The agreement is aimed at improving work efficiency and protecting employees' social and labor interests. It outlines the general positions of the parties regarding the regulation of labor relations, remuneration, employment, social guarantees, and benefits. The Company participates in negotiations on drafting, amending, and supplementing the collective agreement, observes negotiation deadlines, ensures the operation of joint commissions, and provides the information necessary for the negotiation process. The Company strictly complies with the terms of the collective agreement. In accordance with labor law, every employee has the right to participate in collective bargaining through their representatives and to review the signed agreement.

Kazakhtelecom JSC ensures equal pay regardless of position or gender. The Company's average monthly wage is not dependent on job title and is determined in accordance with the Company's compensation rules. More information about the Company's compensation approach and key 2023 results can be found in the "Employee Relations" section.

GRI 406-1

The Company monitors the prevention of discrimination on any grounds and ensures a fair and equitable approach to compensation. No incidents of discrimination were recorded at Kazakhtelecom JSC during the reporting period.

As part of key national and corporate initiatives on human rights and gender equality, Samruk-Kazyna JSC is initiating the development of a 2025 Action Plan aimed at upholding human rights and promoting equal opportunities, including for Kazakhtelecom JSC.

This Plan will serve as a logical continuation of a number of strategic documents, including the Human Rights Action Plan, the Equal Rights and Opportunities Plan for Men and Women, as well as the Action Plan for the 2025 Year of Skilled Trades.

In addition, within the framework of the memorandum between Samruk-Kazyna JSC and the United Nations Development Programme, the Managing Directors for Social and Labor Relations of portfolio companies signed Declarations of Intent confirming their commitment to the principles of human rights and gender equality. The Plan under development will be mandatory for implementation by all Portfolio Companies of the Fund, including Kazakhtelecom JSC, and will form the foundation for consistent and systematic work in this area across the entire group.

OCCUPATIONAL HEALTH AND SAFETY

The Company's highest priority is preserving the life and health of its employees. Kazakhtelecom JSC adheres to a responsible approach to occupational health and safety in its operations.

MANAGEMENT APPROACH

GRI 3-3

The key focus areas of Kazakhtelecom JSC's Development Strategy remain the creation of comfortable working conditions for employees, as well as the mitigation of risks related to production activities and the occurrence of emergencies.

The Company strives to provide safe and comfortable working conditions and fosters a culture of personal responsibility for health and safety in the workplace.

Kazakhtelecom JSC aims to comply with the best international standards in occupational safety, strictly adheres to national and international requirements, and continuously improves its Occupational Health and Safety Management System.

The key document regulating occupational health and safety (OHS) activities is the Occupational Health and Safety Policy of Kazakhtelecom JSC. The Policy applies to all employees and contractors of the Company.

Kazakhtelecom JSC's top priorities in the field of OHS:

- Ensuring compliance with and application of the Labour Code of the Republic of Kazakhstan;
- Providing safe working conditions and workplaces;
- Implementing modern technologies and best practices in occupational health and safety;
- Introducing modern tools and methods for preventing workplace injuries and occupational diseases.

The main internal documents governing Kazakhtelecom JSC's occupational health and industrial safety management system include:

- Occupational Health and Safety Policy;
- Collection of safety and occupational health instructions by type of work in TCO LS;
- Collection of safety and occupational health instructions by profession for Local Network Maintenance Centers of Kazakhtelecom JSC's branches;
- Technical requirements and specifications for special clothing and personal protective equipment at Kazakhtelecom JSC;
- "Occupational Health and Safety Card" Program;
- Incentive Regulation for Occupational Health and Safety;
- Standard "Procedure for Reporting and Data Collection in Case of Work-Related Accidents and Potentially Hazardous Situations Subject to Investigation at Kazakhtelecom JSC";
- Kazakhtelecom JSC's Vehicle Management Policy;
- Travel and Driving Management Standard;
- Approved OHS statistical reporting forms;
- Rules for mandatory periodic medical examinations;
- Rules for working under hazardous conditions using work permits;
- Standard "Fire Safety Rules at Kazakhtelecom JSC";
- "Injury Prevention Team" Standard (developed in 2023);
- Occupational Health and Safety Rules for Remote Work;
- Documented Procedure "Emergency Preparedness and Response."

These documents are available on the Company's website in the "Sustainable Development" section under "Occupational Health and Safety."

MANAGEMENT STRUCTURE AND TOOLS

The Company operates the Occupational Safety Directorate (OSD) – a dedicated functional branch of Kazakhtelecom JSC.

The OSD is primarily responsible for the day-to-day management and coordination of the Company's occupational health and safety activities.

More details on the OSD's functions are available in the Company's 2022 Integrated Annual Report.

Heads of structural units of the Company's Head Office and branches, as well as specially designated occupational and fire safety officers, are responsible for implementing emergency management procedures.

As part of the 2024–2028 Strategy for Developing the Occupational Safety Management System, the Company is carrying out initiatives to reduce accidents, achieve zero injuries, and train managers at all levels.

EMPLOYEE ENGAGEMENT IN OCCUPATIONAL SAFETY MANAGEMENT

GRI 403-2, 403-4

Kazakhtelecom JSC recognizes the vital role employees play in occupational safety management and in developing a strong safety culture. The Company actively involves its personnel in the design, implementation, and evaluation of the occupational health and safety system. Occupational safety and health committees have been established in all branches and at the Head Office, where employees collaborate to ensure compliance with OHS requirements, prevent workplace injuries and occupational diseases, and inspect working conditions and safety measures. In crisis situations, the Company forms a task force with participation from the OSD and the Civil Defense Headquarters to investigate and eliminate the crisis.

Kazakhtelecom JSC conducts monthly meetings with branch directors, structural unit representatives, and contractors to discuss ongoing and new OHS initiatives and programs. It has also introduced a practice of beginning all administrative and production meetings with a brief discussion on safety and occupational health.

Company employees also participated in sharing best practices through the HSE Committee platform organized by Samruk-Kazyna JSC at production sites of portfolio companies, with the aim of further replicating best practices at Kazakhtelecom JSC.

Additionally, an internal audit covering occupational safety and compliance with workplace standards was conducted across all structural units.

"Occupational Health and Safety Card" Program

Since 2022, Kazakhtelecom JSC has implemented the standard "Occupational Health and Safety Card" Program (OHS cards), designed to increase employee engagement in improving the OHS system.

The Program focuses on identifying and reporting hazardous production factors, unsafe working conditions, unsafe employee behavior, potentially dangerous situations, and near misses. It also allows employees to propose improvements in OHS.

The Program's objective is not only to eliminate and control risks of injury or environmental/property damage but also to involve employees in enhancing production discipline and promoting a safety culture through the use of OHS cards at every workplace, site, and facility.

OHS cards are used to report and communicate on all matters related to occupational health, safety, and environmental protection. The system also allows tracking the resolution of reported issues, ensuring timely follow-up.

172 employees

participated in IPT activities in 2024

In 2024, the top three risk areas identified were:

- Personal protective equipment (PPE) provision;
- Health and hygiene;
- Workplace ergonomics.

To enhance engagement of non-OSD employees, the Company decided to train all staff on how to complete and register OHS cards. To further incentivize participation, the most active contributors were rewarded with valuable prizes.

In 2024, employees submitted 34,735 cards (planned value: 30,373), confirming the relevance and success of the initiative.

In 2024, the Company updated its Injury Prevention Team (IPT) Regulations, defining its role and operating procedures aimed at ensuring safe working conditions and achieving zero injuries.

The IPT is an initiative-based group that supports managers of Kazakhtelecom JSC branches in developing and promoting a safety culture. At the beginning of each year, the IPT Leader, together with the occupational safety and health officer, prepares a Work Plan that is reviewed by Branch General Directors and approved by the Chief Operating Efficiency Officer.

Injury Prevention Teams were established in the cities of Astana, Almaty, Aktau, Aktobe, Atyrau, Kokshetau, Karaganda, Konaev, Kostanay, Kyzylorda, Semey, Taldykorgan, Taraz, Pavlodar, Petropavlovsk, Uralsk, Ust-Kamenogorsk, and Shymkent.

Additionally, in accordance with the Regulations on Encouragement of Employees in the field of Occupational Safety and Health, the Company encourages employees for their contribution to creating safe working conditions and achieving zero injury rates.

In 2024, no internal or external audits were conducted in relation to the HSE system applicable to employees and non-employees workers.

GRI 403-8

EMPLOYEES COVERED BY THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

	2022		2023		2024	
Indicator	Persons	Share	Persons	Share	Persons	Share
Total headcount of employees	19,979	100%	19,022	100%	18,395	100%
Employees covered by the occupational health and safety management system	19,979	100%	19,022	100%	18,395	100%

GRI 403-8

NON-EMPLOYEE WORKERS COVERED BY THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

	2022		2023		2024	
Indicator	Persons	Share	Persons	Share	Persons	Share
Total headcount of employees	1,744	100%	518	100%	1,968	100%
Non-employee workers covered by the occupational health and safety management system	1,744	100%	518	100%	1,968	100%

IMPROVEMENT OF THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

GRI 403-1

The Company is committed to aligning with international standards in occupational health and safety. Occupational health and safety management systems have been implemented in the Company in accordance with globally recognized standards. The OHS and industrial safety management system establishes uniform requirements based on the ILO-OSH 2001 Guidelines on Occupational Safety and Health Management Systems and the ISO 45001:2018 international standard.

The Company continuously enhances its occupational health and industrial safety management system in line with the requirements of the ILO-OSH standard and its national equivalent, ST RK ISO 45001–2018.

In 2024, in order to improve workplace safety and comfort, certification of 1,428 production facilities was carried out. Based on the results of measurements of harmful and hazardous occupational factors, a comprehensive set of corrective actions was implemented. An internal audit was conducted to assess production safety and compliance of workplaces with occupational health and safety requirements across all structural units of the Company.

1,504

KZT million

total investments in industrial safety and occupational health in 2024

RISK ASSESSMENT

GRI 403-2

The process of managing key OHS risks is an integral part of the Company's corporate risk management system, as well as its occupational health and safety (OHS) management system. The assessment of unacceptable hazards and risks is carried out in accordance with the approved documented procedure "Identification of Hazards, Environmental Aspects and Risk Assessment. Procedure for Defining Control Measures."

To eliminate the risks of accidents and incidents in the workplace, modernization and major repairs of linear and station telecommunication facilities were carried out in accordance with the Annual Plan.

Occupational injuries are defined as one of the key risks in the Company's Risk Register. A set of measures has been developed to prevent the realization of this risk and to mitigate its consequences.

To identify work-related hazards and assess risks, the Company prepares action plans for key risk events and provides up-to-date status reports on key risk indicators based on data on occupational injuries, industrial accidents, and internal OHS controls. The Company has also approved a Register of Significant Hazards and Unacceptable Risks. Furthermore, the likelihood and impact of risks are analyzed and assessed, with risk mitigation measures reviewed in light of the current situation.

In addition, the Company's Collective Agreement provides a mechanism that allows employees to refuse to perform work if they believe that continuing such work could lead to injury or harm to health. The agreement also contains provisions that guarantee protection against retaliation for exercising this right.

GRI 403-2, 403-9

Kazakhtelecom JSC regularly identifies and assesses project-related risks and potential adverse impacts on the health and safety of the population in its areas of presence. Based on the results of these assessments, protective and preventive measures are developed. Where necessary, the Company cooperates with relevant government authorities and other stakeholders regarding mitigation actions and plans.

As part of the hazard identification and risk assessment procedure, the Company takes into account the routine activities of all personnel, human behaviour and capabilities, hazards identified near or outside the work areas, infrastructure, equipment and materials, and technological processes. Risk management activities have been defined and are implemented across the Company.

PREVENTION OF OCCUPATIONAL INJURIES

GRI 403-7

The Company pays great attention to the proactive prevention and mitigation of adverse impacts on the health and safety of employees, contractors, and local communities.

The list of KPIs for heads of the Company's regional branches in the area of occupational safety includes the Lost Time Injury Frequency (LTIF) rate.

The Company develops and implements measures aimed at preventing occupational injuries.

An analysis of the causes of occupational injuries and road traffic accidents is carried out, followed by the distribution of informational bulletins to branches containing preventive and corrective measures.
In addition, the circumstances and causes of incidents are discussed with employees across all departments, and unscheduled safety briefings are conducted.

Each year, the Company implements a Zero Injury Plan, with quarterly progress reports submitted for review by the Board of Directors.

To adopt leading practices, the Company monitors the use of proactive safety tools such as behavioural safety audits, with registration and investigation of hazardous conditions, unsafe actions, and near misses.

The Company has also improved the efficiency of contractor management.

This includes the development of an internal regulatory document governing the management of contractor organisations, as well as the introduction of kick-off meetings with contractors to ensure the safe execution of work at production facilities.

To raise awareness of the importance of seatbelt use and reduce injury rates from road accidents, Kazakhtelecom employees were trained using a collision simulator.

The Company does not maintain statistical records of injuries among contractor personnel engaged under service agreements.

In response to the need to enhance fire safety, comply with the legislation of the Republic of Kazakhstan, and reduce the risk of fire incidents, Kazakhtelecom JSC has adopted a Fire Safety Policy.

Injury rates among employees of Kazakhtelecom JSC

GRI 403-9

INJURY RATES AMONG EMPLOYEES OF KAZAKHTELECOM JSC*

For all employees	2022	2023	2024
Number of work-related fatalities (units)	0	0	0
Work-related fatality rate (%)	0	0	0
Number of severe work-related injuries (units)	2	1	4
Severe work-related injury rate (%)	0.06	0.03	0.12
Number of occupational injuries (units)	2	6	6
Lost Time Injury Frequency Rate (LTIFR)	0.06	0.19	0.19
Total number of working hours (man-hours)	34,007,902	31,780,000	31,308,380

* The reported data covers 100% of the Company's employees. No categories of workers were excluded from this statistics. The rates were calculated based on 1,000,000 hours worked.

GRI 403-9

OCCUPATIONAL INJURY INDICATORS FOR WORKERS WHO ARE NOT EMPLOYEES OF KAZAKHTELECOM JSC**

For all employees	2022	2023	2024
Number of work-related fatalities (units)	0	0	0
Work-related fatality rate (%)	0	0	0
Number of severe work-related injuries (units)	0	0	0
Severe work-related injury rate (%)	0	0	0
Number of occupational injuries (units)	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	0	0	0
Total number of working hours (man-hours)	2,125,129	601,494	1,091,678

**The reported data covers 100% of the Company's employees. No categories of workers were excluded from this statistics. The rates were calculated based on 1,000,000 hours worked.

In 2024, the Company recorded 6 Lost Time Incidents (LTIs), which resulted in 6 minor to moderate injuries, as well as 35 near-miss incidents.

The main causes of the injuries were:

- violation of occupational health and safety regulations;
- failure to comply with safety requirements during vehicle operation;
- gross negligence on the part of the injured person;
- poor organisation of work processes;
- insufficient training in safe work practices.

As a result of the identified incidents, the management of Kazakhtelecom JSC implemented the following corrective measures:

- a special investigation was carried out;
- a full inspection of work equipment was conducted across the Company's branches and divisions

to ensure compliance with occupational health and safety (OHS) requirements;
- refresher training on working at height was provided;
- additional audits of height-related work processes were conducted;
- information about the incidents (including those in Samruk-Kazyna portfolio companies) was communicated to employees;
- safe driving training was delivered to full-time and part-time drivers;
- unscheduled safety briefings were conducted for employees;
- disciplinary action was taken against the employees found responsible.

In 2024, to improve the safety of employee travel, Kazakhtelecom JSC updated its Standard for Ensuring the Safe Operation of Vehicles. This document establishes uniform requirements for organising road safety measures during the Company's operational activities. It aims to prevent road traffic accidents and employee injuries, ensure the safe operation of vehicles, strengthen labour discipline, and promote a culture of safe driving among employees.

In July 2024, a fatal incident occurred in the village of Shyraganak, Kegen district, due to improper organisation of cable laying works, resulting in the death of a child. The Company acknowledged the incident, expressed its willingness to cooperate with the investigation, and provided support to the victim's family.

EMPLOYEE TRAINING AND THE DEVELOPMENT OF A SAFETY CULTURE

GRI 403-5

The Company implements advanced international practices in the field of occupational health and safety (OHS), including training and professional development.

Each year, Kazakhtelecom JSC provides training for employees on occupational and industrial safety, fire safety basics, and electrical safety when working with electrical installations. This training is delivered both through external training organisations and directly at workplaces.

In 2024, various occupational health and industrial safety training sessions and programmes were conducted for employees of Kazakhtelecom JSC.

The Company also provides training for employees under the "Safety Culture" course. In 2024, a total of 9,577 production personnel completed this training.

In 2024, the Corporate University conducted training sessions and educational programmes on occupational health and industrial safety for the Company's employees.

- Safe driving – 2,101 participants
- Safety culture – 9,853 participants
- Safe Work Environment (SWE 2) – 1,717 participants
- Injury Prevention and Response (IPR 2) – 4,092 participants
- HSE Facilitator – 13 participants.

Total coverage: 17,776 participants.

EXTERNAL TRAINING ON OCCUPATIONAL AND INDUSTRIAL SAFETY, FIRE SAFETY BASICS, AND WORKPLACE SAFETY CONDUCTED IN 2024

0
trained under the course on management accountability for top executives

1,249
trained under the course on occupational health and safety

2,560
trained under the course on industrial safety requirements

908
trained under the course on safety rules at hazardous production facilities (HPFs) for working at height and rope access work

971
trained under the course on electrical safety

1,474
trained under the course on fire safety

1
trained under the NEBOSH IGC course (International General Certificate in Occupational Health and Safety)

3
trained under the IOSH Managing Safely course

In 2024, a strategic session was held with CEO-1 level executives and branch general directors on the topic "Creating a Safety Culture and Zero Tolerance for Workplace Fatalities," as well as a modular programme titled "Leadership in Industrial Safety." In partnership with the Private Institution Samruk Business Academy, master classes were delivered on the assessment and analysis of industrial safety processes, and a comprehensive evaluation of the current level of safety culture was carried out in line with international best practices.

In 2024, four employees of the Department for Occupational Safety completed training under international programmes NEBOSH and IOSH, reflecting the Company's commitment to aligning with international occupational health and safety standards. A total of 543 managers of Kazakhtelecom JSC took part in the safety culture survey.

The Company operates a video-based training programme for responsible managers on occupational health and industrial safety (OHS) matters. As part of the programme, employees are shown video materials on the following topics:

- performing high-risk work in areas near power lines and using special equipment;
- methods and techniques that ensure employee safety;
- providing first aid in the event of workplace accidents.

This video training programme is implemented across all structural units and divisions of the Company, with continuous monitoring, analysis, and decision-making aimed at improving its effectiveness. This training format helps enhance employee performance in the course of operational activities and minimise existing workplace risks.

PREVENTION OF OCCUPATIONAL DISEASES AND HEALTH PROTECTION

GRI 403-3, 403-6

As employee well-being is a key priority for Kazakhtelecom JSC, special attention is paid to their health.

As part of the employee benefits package, full medical insurance is provided. Employees also have access to wellness and sanatorium-resort treatment programmes in accordance with the terms of the Collective Agreement, as well as the Demeu programme.

Regular pre-employment, periodic, and unscheduled medical examinations are conducted for employees. Based on the results, if necessary, employees are referred for in-depth preventive check-ups. Production personnel required to undergo mandatory medical exams are not permitted to begin work if the examination is not completed.

In accordance with the Labor Code of the Republic of Kazakhstan, employees of contracting organizations engaged in high-risk work or operating machinery and equipment are also subject to mandatory pre- and post-shift medical screenings.

As part of the Company's corporate Well-Being program, a number of health-related activities are conducted to prevent illnesses. To assess cardiovascular risk among employees, screenings are carried out using the Cardiovisor device. Based on the results, employees receive consultations with physicians and personalized recommendations. Wellness assessments are also conducted using the Mediscreen device to identify musculoskeletal health issues, with medical guidance provided accordingly.

In addition to these core initiatives, employees of Kazakhtelecom JSC participated in a webinar titled "How to Boost Your Energy and Strengthen Immunity." The Company also organized Health Days and physical activities aimed at supporting and improving employees' physical condition.

OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY MANAGEMENT IN CONTRACTING ORGANIZATIONS

GRI 403-3, 403-6

Contracting organizations performing work at the Company's sites are required to comply with applicable environmental protection and occupational safety standards and regulations.

Kazakhtelecom JSC places great importance on engaging with suppliers of goods, works, and services in the context of managing occupational health and safety (OHS) aspects. Contractors and suppliers are expected to meet the Company's internal safety requirements, in line with corporate industrial safety standards. At the same time, contracting organizations are responsible for independently monitoring compliance with these OHS requirements.

The Company has implemented a system for assessing contractors' performance in occupational safety. It also provides OHS training for employees of contracting organizations.

Plans for 2025 and the medium term

People: Enhancing the Safety Culture:

- Increase the qualification level of managers and employees. Organize thematic safety meetings led by managers at all levels.
- Report to the Company's Board of Directors on fatal accident investigations, root causes, and actions taken to prevent recurrence.
- Conduct a survey among senior managers to assess the current safety culture. Develop an action plan to improve safety culture for those with low scores.

Equipment Safety:

- Continue modernization and technical upgrades of equipment to improve safety.
- Conduct cross-audits in the Fund's portfolio companies according to the audit schedule.
- Continue monitoring the use of proactive safety tools (behavior-based safety audits/observations, reporting and investigating unsafe conditions, unsafe acts, and near misses, including stop-work authority), and develop actions to improve these practices.
- Strengthen engagement with contractors to ensure safe execution of work at the Company's production facilities.

Emergency Prevention and Preparedness:

- Ensure training activities are carried out, including drills and/or emergency response exercises for major accidents or emergencies at facilities, involving the Fund and government agencies; conduct fire drills in administrative buildings (offices) and at locations housing shift workers.

OHS Awareness and Communication:

- Organize Occupational Safety Sessions/Forums for CEOs of subsidiaries and regional branches.
- Release a video message from the Chairman of the Management Board summarizing the year's results in the area of occupational safety.
- Involve young professionals in occupational safety by supporting youth project initiatives through the Young Workers' Center for Occupational Safety.

LOCAL COMMUNITIES

MANAGEMENT APPROACH

GRI 3-3

The Company is committed to contributing to the development of the regions where it operates. We provide local populations with quality telecommunications and internet access, help reduce the digital divide between urban and rural areas, and support those in urgent need.

The key document governing engagement with local communities is the Local Community Engagement Policy.

This Policy establishes a unified approach for Kazakhtelecom JSC in managing relationships with local executive authorities, civil society organizations, and local populations in the Company's regions of operation. It is aimed at maintaining constructive and positive relations with these stakeholders.

The Policy is based on the principles outlined in the following international instruments: the United Nations Global Compact, the Universal Declaration of Human Rights, and the International Labour Organization Conventions. It also aligns with the UN Sustainable Development Goals.

The core principles of the Policy include:

- Contribute to the socio-economic development of the regions where the Company operates through its business activities.
- Promote the improvement of quality of life for members of local communities in areas of presence.
- Maintain constructive relationships with local communities by taking into account their opinions, interests, perspectives, and preferences.
- Comply with the laws and regulations of the Republic of Kazakhstan.
- Minimize social and environmental risks and impacts on local populations in the regions where the Company operates.

GRI 203-1

The Company does not have dedicated departments responsible for implementing local community engagement programs. This is due to the Charity Policy of Samruk-Kazyna JSC, under which all charitable and sponsorship activities of the Samruk-Kazyna Group are carried out by the Samruk-Kazyna Trust Social Development Foundation.

The key areas of charitable support provided by the Samruk-Kazyna Trust Social Development Foundation in 2024 included:

- Support for medical, childcare, and other social institutions;
- Improvement of healthcare services, primarily for orphans, children without parental care, and those from single-parent, low-income, and large families, including through the organization of diagnostics, treatment, and rehabilitation;
- Creation of inclusive environments for children with special needs;
- Assistance to the most vulnerable groups of the population, including low-income individuals in need of care and guardianship;
- Promotion of disease prevention, public health, and healthy lifestyles;
- Support for the development of culture and the arts;
- Support for the development of sports;
- Community development through support of civic initiatives.

More about the activities of the Samruk-Kazyna Trust Foundation on the website sk-trust.kz

SUPPORT FOR LOCAL COMMUNITY DEVELOPMENT

GRI 3-3, 413-1

Kazakhtelecom JSC operates across the entire territory of Kazakhstan and plays a significant role as one of the country's largest employers and taxpayers. The Company fully and timely fulfills its tax obligations, ensuring a high level of transparency.

50.156

KZT billion

the total amount of tax payments in 2024

Recognizing its responsibility to the regions in which it operates, Kazakhtelecom JSC is committed to strengthening its positive impact on local communities by taking a comprehensive approach within its Development Strategy. The Company actively contributes to the development of regional labor markets by providing jobs and creating employment opportunities.

Economic value is generated through the Company's core activities and distributed through wage payments to employees, dividends to shareholders, taxes and other mandatory payments, procurement of goods and services, and voluntary social investments.

Kazakhtelecom JSC takes a responsible approach to the impact of its operations on the environment, local communities, and biodiversity. More details are available in the section "Impact on Biodiversity."

The Company's contribution to the local and national economy, as well as to local communities, is reflected in:

- its direct business activity and focus on improving operational efficiency;
- the creation of direct and indirect jobs;
- the implementation of social investment initiative.

Flood Relief Assistance

In 2024, Kazakhtelecom JSC took prompt and comprehensive support measures in response to the large-scale floods that affected various regions of the Republic of Kazakhstan. The Company did not stand aside in the face of this disaster and allocated significant resources to assist both affected residents and its own employees.

As part of a decision made by the Board of Directors, Kazakhtelecom JSC allocated KZT 1 billion through the Samruk-Kazyna Trust Fund to provide financial support to the affected regions. This decision was part of the Company's strategic approach to social responsibility during times of crisis.

Special attention was given to supporting internal staff. A total of 112 employees of the Company were affected by the floods. Through the work of the Social Commission, they received financial assistance during this difficult time, totaling KZT 22.4 million. In addition, as a gesture of solidarity, Kazakhtelecom employees organized a voluntary fundraising effort, in which KZT 35 million was withheld from their salaries and directed to support their affected colleagues.

The Company also highly appreciated the contributions of its employees who participated in post-flood recovery efforts across the regions. For their active involvement and dedication, each of the 388 employees was awarded a one-time bonus of KZT 100,000.

COMPANY ENGAGEMENT WITH LOCAL COMMUNITIES

GRI 2-26, 2-29

Kazakhtelecom JSC takes into account the interests, expectations, and opinions of employees, partners, local communities, and other stakeholders in the planning and implementation of its projects.

The Company regularly engages in constructive and respectful dialogue with local communities, aiming to address their needs and minimize potential risks associated with its operations.

Key methods of engagement with local communities include:

- Providing up-to-date information through media publications about development plans and Kazakhtelecom's performance in the field of sustainable development.
- Conducting surveys and questionnaires via corporate media channels to understand the opinions of local communities regarding initiatives planned in regions of operation.
- Addressing inquiries through feedback channels.
- Planning and implementing social investment and charitable activities as part of socio-economic support in the regions.
- Engaging in direct dialogue through participation in joint meetings, working groups, and standing committees with representatives of local communities.
- Establishing effective cooperation with local government authorities to promote regional development.

Kazakhtelecom JSC actively participates in the implementation of the national "Comfortable School" project, aimed at modernizing the country's educational infrastructure. This pilot project seeks to eliminate emergency school facilities, reduce the practice of three-shift school schedules, and address the shortage of student seats in general education institutions nationwide.

According to Task No. 14 of the project's Action Plan (Annex 12), all schools built under the national project must be provided with Internet access at speeds of at least 100 Mbps. To fulfill this requirement, the construction of fiber-optic communication lines (FOCL) is planned in accordance with Kazakhtelecom's technical specifications. The total number of schools included in the project is 217.

STRUCTURE OF PLANNED FOCL CONNECTIONS:

161 schools (74%) funded by local executive bodies	**52 schools (24%)** funded from Kazakhtelecom JSC's operational reserve	**4 schools (2%)** as part of the Comprehensive Business Plan

RESULTS AS OF THE END OF 2024:

104 schools constructed	**68 schools** connected to FOCL	**31 schools** connected to Kazakhtelecom JSC's telecommunications services

Plans for 2025 and the medium term

- Set Company-wide goals or objectives for local community development (support for regions of presence) and define timelines for achieving them.
- Continue monitoring programs for local community development (regional support) and charitable initiatives.

SUSTAINABILITY REPORT: ASPECT G

ANTI-CORRUPTION

The Company adheres to the principles of integrity, transparency, and accountability. Kazakhtelecom JSC and its subsidiaries, as well as all their employees, are required to comply with the anti-corruption legislation of the Republic of Kazakhstan and the principles of ethical business conduct.

MANAGEMENT APPROACH

GRI 3-3

The Compliance Service continues to operate effectively within the Company. Its primary role is to prevent and detect violations of anti-corruption legislation and internal regulations of Kazakhtelecom JSC.

The Compliance Service pays special attention to ethics, corporate conduct, and the prevention of any instances of humiliation or discrimination of employees by managers–both within the Company and its subsidiaries. In cases where such violations are identified, the Compliance Service takes appropriate measures to hold those responsible accountable. The unit enjoys the full support of the Chairman of the Management Board as well as the executive leadership of the subsidiaries.

GRI 2-23

The Company has adopted the following internal documents regulating anti-corruption compliance procedures:

- Anti-Corruption Policy (updated in December 2024).
- Whistleblowing Policy on Suspected Unethical/Illegal Conduct.
- Conflict of Interest Policy.
- Code of Business Ethics.
- Corporate Governance Code.

The documents are available on the Company's website 5 in the "Anti-Corruption" section.

GRI 205-1, 205-2

Anti-corruption efforts at Kazakhtelecom JSC are guided by the following core principles:

- Legality of operations;
- Transparency and openness in business activities;
- Promotion of anti-corruption awareness among employees, partners, and clients;
- Cooperation with government authorities, partners, and clients in the field of anti-corruption;
- Mandatory internal investigations in response to violations of anti-corruption legislation and internal policies;
- Protection and encouragement of individuals who contribute to anti-corruption efforts;
- Commitment of company officials to the principles outlined in this Policy and the establishment of a "tone at the top";
- Inevitability of punishment for engaging in corrupt practices.

ANTI-CORRUPTION ACTIVITIES IN 2024

The key focus areas of the compliance function at Kazakhtelecom JSC in the field of anti-corruption in 2024 included:

- conducting an initial certification audit of Kazakhtelecom JSC and its subsidiaries for compliance with the national standard ST RK ISO 37001 "Anti-bribery management systems – Requirements with guidance for use"
- updating the Anti-Corruption Policy;
- performing internal corruption risk assessments;
- employee training;
- operating feedback channels;
- collaboration with subsidiaries.

Between October and December 2024, a certification audit of the anti-bribery management system was conducted at Kazakhtelecom JSC to assess compliance with ST RK ISO 37001. As a result, the Company successfully passed the certification and was awarded a Certificate of Compliance with the standard ST RK ISO 37001 "Anti-bribery management systems – Requirements with guidance for use."

As part of this certification process, a high-level assessment of anti-bribery management systems was carried out at the following subsidiaries: Kcell JSC, Vostoktelecom LLP, Digital Economy Development Center LLP, and Nursat+ LLP, resulting in "assessment reports" for each entity.

In 2024, the Company's Anti-Corruption Policy was updated to align with the requirements of ST RK ISO 37001. The revised Policy defines and includes:

- the Company's goals and objectives in the area of anti-corruption;
- core anti-corruption principles adopted by the Company;
- legal requirements and the Company's commitments to compliance;
- the Company's operational context;
- a comprehensive set of anti-corruption prevention and response measures;
- accountability of officials and employees for breaches of the Policy;
- the Company's commitment to continuous improvement of its anti-bribery management system.

In 2024, an internal corruption risk assessment was conducted for Kazakhtelecom JSC based on 2023 operations. The risk assessment covered the following areas:

- procurement activities;
- human resource management;
- core business processes at Kazakhtelecom JSC.

GRI 205-1

UNITS AND BUSINESS PROCESSES SUBJECT TO CORRUPTION RISK ASSESSMENT

Indicator	2022	2023	2024
Total number of structural units assessed for corruption-related risks, units	0	7	9
Share of structural units assessed for corruption-related risks, %	0	58	75

The results of the internal corruption risk analysis, along with recommendations for their mitigation, were submitted to the Chairperson of the Management Board of Kazakhtelecom JSC. Based on the analysis, an Action Plan was developed and approved to address the causes and conditions conducive to corruption-related offenses.

In 2024, the Company issued official orders (for both the Central Administration and regional branches) identifying and approving lists of positions with a high risk of corruption offenses. These positions are subject to special, elevated requirements for appointment, including the acceptance of anti-corruption restrictions. An online training course introducing the Anti-Corruption Policy has been made available to employees on the internal learning portal: learning.telecom.kz.

GRI 205-2

COMMUNICATION ON ANTI-CORRUPTION POLICIES AND PRACTICES, 2022–2024

	2022		2023		2024	
Category of employees	Persons	%	Persons	%	Persons	%
Total number of informed members of key corporate governance bodies (General Meeting of Shareholders, Board of Directors, Management Board)	12	100	12	100	14	100
Total number of informed employees	18,662	93.4	18,662	93.4	12,651	69
Total number of informed business partners	0	0	0	0	2,022	100

GRI 3-3

No confirmed cases of corruption or bribery were recorded at Kazakhtelecom JSC or its subsidiaries during the reporting period.

ANTI-CORRUPTION TRAINING

The Company regularly conducts anti-corruption training for its employees. All new hires are required to complete a mandatory introductory online course covering the key principles of the Code of Business Ethics and the Anti-Corruption Policy.

In 2024, all heads of branches and subsidiaries held communication-based training sessions focused on anti-corruption, fraud prevention, and other compliance risks.

An online training was also conducted for seven members of the Management Board to enhance their knowledge of compliance and anti-corruption practices.

In 2024, technical training sessions were organized, covering 70% of employees across all branches and the central office.

GRI 205-2

THE NUMBER OF EMPLOYEES BY CATEGORY WHO COMPLETED ANTI-CORRUPTION TRAINING IN 2024

Category of employees	Persons	Share, %
Total number of members of key corporate governance bodies (Board of Directors, Management Board) who completed training	14	100
Total number of employees trained in anti-corruption practices by category	12,651	69
Managers	986	84
Specialists	7,433	58
Workers	4,232	95

FEEDBACK CHANNELS

GRI 2-16, 2-25, 2-27, 205-3

The mechanisms for reporting unethical or illegal behavior within Kazakhtelecom JSC are governed by the Policy on Reporting Alleged Unethical/Unlawful Conduct.

77 appeals

received on the hotline in 2024

In 2024, the Company paid a total of 16,984,565.89 tenge in administrative fines.

Kazakhtelecom JSC operates a confidential and anonymous whistleblowing hotline, which serves as an independent communication channel for reporting actual or potential violations of legislation, including fraud, corruption, discrimination, unethical behavior, and other misconduct. The hotline is administered through the parent company, Samruk-Kazyna JSC, and managed by an independent third-party operator (KPMG).

The hotline guarantees confidentiality and anonymity (at the request of the reporting individual), as well as the registration and processing of 100% of reports, followed by submission of findings to the responsible parties.

The Company ensures the confidentiality of employees, business partners, and other stakeholders who report violations within the Company and guarantees protection against retaliation and/or discrimination.

In 2024, the hotline received 77 reports, 38 of which were confirmed. All reports were investigated and classified as non-critical, and therefore communication to the Board of Directors was deemed non-essential.

Key topics of reports:

- violations of established procedures and legislation;
- abuse of authority;
- labor conflicts.

GRI 3-3

The Compliance Service reviews all reports and materials received through the hotline. If there are indications of a criminal offense, the Compliance Service forwards the case to the Financial and Business Discipline Management Committee of Kazakhtelecom JSC, chaired by the Chairperson of the Management Board. The members of the committee decide whether to refer the case to law enforcement authorities.

Each case recorded by the Compliance Service is included in the quarterly report submitted to the Board of Directors. In 2024, no critical issues were identified.

The internal and corporate websites of the Company publish the contact information for the hotline and Compliance Service, which can be used to report any labor, corruption, or other types of violations.

Reporting channels for violations of the Anti-Corruption Policy:

Hotline of Samruk-Kazyna JSC

8 800 080 47 47 (free call within Kazakhstan)
8 771 191 88 16 (WhatsApp)
Internet portal: www.sk-hotline.kz
Email: mail@sk-hotline.kz
Compliance Service: 8 701 941-1001
Email: tlek.issakov@telecom.kz

Plans for 2025 and the medium term

- Organize and conduct training sessions on compliance-related topics.
- Ensure the timely identification and resolution of conflicts of interest.
- Guarantee the review of 100% of reports submitted via confidential reporting channels.
- Undergo a certification audit of Kazakhtelecom JSC for compliance with the national standard ST RK ISO 37001 “Anti-bribery management systems — Requirements with guidance for use.”

ECONOMIC PERFORMANCE

MANAGEMENT APPROACH

GRI 3-3

The economic component of Kazakhtelecom JSC's operations plays a key role in the Company's strategic planning as well as in the national economy. It is aimed at increasing the Company's long-term value for shareholders and investors, which is one of its strategic priorities.

As the largest telecommunications operator in the Republic of Kazakhstan, the Company seeks to make a significant contribution to the modernization and diversification of the national economy and to promote the sustainable development of local communities.

GRI 201-1

Kazakhtelecom JSC strives to make a significant contribution to the socio-economic development of the regions where it operates.

The Company generates direct economic value through its core business activities that drive revenue. This created value is distributed through the payment of wages to employees, dividends to shareholders, taxes and other payments to the government, procurement of goods and services, and voluntary social investments. For more details, see the sections "Employee Engagement" and "Local Communities."

GRI 2-6, 201-1

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED IN 2024, KZT MILLION

Indicator	2024
1. Direct economic value generated	314,018
Revenue	307,881
Income from financial investments	4,534
Other income	1,603
2. Economic value distributed	280,606
Operating expenses	121,086
Wages, other payments and employee benefits	112,577
– of which: wages	110,042
– of which: other payments and employee benefits	2,535
Payments to capital providers	40,906
– of which: dividends	23,070
– of which: financial costs	17,836
Payments to the government	6,037
– of which: taxes	2,281
– of which: corporate income tax	3,756
Investments in local communities	0
3. Economic value retained	33,412

PROCUREMENT PRACTICES

MANAGEMENT APPROACH

GRI 3-3

Kazakhtelecom JSC takes a responsible approach to supplier engagement, aiming to collaborate exclusively with honest, reliable, and transparent partners.

The Company supports the national policy to foster domestic producers of goods, works, and services in the context of the innovative development of the national economy.

Key priorities in the procurement activities of Kazakhtelecom JSC include:

- transparency and openness in procurement;
- competition during procurement procedures;
- support and development of local suppliers.

The Company's procurement activities are regulated by the Rules for Procurement by Samruk-Kazyna JSC, the latest revision of which was adopted in December 2024. This revision enhanced the functionality of competitive procurement methods, introduced preferences for small and medium-sized enterprises, and added provisions to support domestic manufacturers.

An important tool for managing procurement processes is the Fund's Electronic Procurement Information System. This unified portal facilitates the entire procurement cycle—from planning the need for goods, works, and services, to conducting procurements, signing and executing contracts, and delivering goods to warehouses. More information is available at zakup.sk.kz.

In accordance with the Law of the Republic of Kazakhstan "On Procurement of Certain Quasi-Public Sector Entities," the revised Procurement Rules were approved by the Ministry of Finance of the Republic of Kazakhstan. During the development of the Procurement Rules, the Fund engaged in public consultations with state authorities and the business community, including the Ministry of Finance, the Agency for Protection and Development of Competition, and the National Chamber of Entrepreneurs "Atameken." As a result, key comments and constructive suggestions were incorporated.

The new version of the Procurement Rules provides a comprehensive description of all procurement procedures, without referring to other regulatory documents, and serves as a self-executing legal instrument. Moreover, the grounds for single-source procurement have been significantly reduced, while transparency has been enhanced in category-based procurement management and the preliminary qualification process. These processes now involve the participation of the National Chamber of Entrepreneurs "Atameken", as well as public associations and industry organizations. New measures have also been introduced to support domestic manufacturers and small and medium-sized enterprises (SMEs).

To further improve procurement practices, Samruk-Kazyna JSC actively participates in the national reform of procurement systems for all regulated entities, working in collaboration with relevant government agencies and the business community.

PROCUREMENT SYSTEM ENHANCEMENT

Kazakhtelecom JSC conducts procurement procedures through the following methods: open tender, request for quotations, single-source procurement, and special procedures.

The Company continues to operate an automated application submission system (Kazakhtelecom JSC Procurement Monitoring). In 2025, a Contract Monitoring Module will be implemented within the current system. As part of the digitalization process, procurement analytics from the procurement portal have been integrated into Qlik Sense.

Kazakhtelecom JSC seeks to select suppliers whose operations comply with the Company's requirements in the areas of environmental protection, occupational health and safety, and human rights.

By 2032, Kazakhtelecom JSC plans to continuously improve its procurement management system and begin evaluating its suppliers based on ESG (Environmental, Social, and Governance) criteria.

PROCUREMENT PERFORMANCE IN 2024

Key categories of goods and services procured:

- Telecommunication equipment
- Maintenance of telecommunication equipment
- SORM services and other types of telecommunication services.

2,022 suppliers

in 2024

Share of Spending on Local Suppliers

GRI 2-6, 204-1

Kazakhtelecom JSC places particular emphasis on cooperation with local suppliers, giving preference to the purchase of goods and services from them. In its operations, the Company follows state policy aimed at developing local content in the context of the national economy's innovative growth.

To increase the share of local suppliers in the Company's procurement, a local import substitution project office operates under the "Telecom Komplekt" Directorate. It is focused on implementing instructions from authorized state bodies regarding procurement and import substitution, as well as on interaction with the Central Project Office of Samruk-Kazyna JSC. Additionally, the Authorized Body on Procurement of the Fund annually determines target performance indicators for increasing the share of local goods, works, and services in procurement.

Targeted support for domestic manufacturers is also ensured by the category-based procurement management mechanism introduced at the Samruk-Kazyna Fund and its managed entities (including Kazakhtelecom JSC). More details are available at zakup.sk.kz.

The geographic definition of "local" and the main area of operations of Kazakhtelecom JSC refers to the country in which the Company operates – namely, the Republic of Kazakhstan.

99.89%

The share of procurement from local suppliers in 2024

GRI 2-6, 204-1

SPENDING ON LOCAL SUPPLIERS, 2023–2024

Indicator	2023	2024
Number of suppliers	2,225	2,022
Procurement budget from all suppliers, KZT billion	91.203	104.092
Number of local suppliers	2,212	2,013
Procurement budget from local suppliers, KZT billion	90.404	104.0017
Domestic value share, KZT billion	35.390	26.907

Core supplier requirements

The requirements for suppliers to Kazakhtelecom JSC are formally established in the "Procurement Procedure of Samruk-Kazyna JSC" and are published on the Fund's Electronic Procurement Information System portal.

SUPPLIER FEEDBACK

The Company employs various tools for supplier feedback, including: official correspondence by paper or email; communication via the Company's official Facebook page; technical support for the procurement portal; and a direct line for complaints and inquiries related to procurement.

2,013 local suppliers

Kazakhtelecom JSC holds offline and online conferences annually with current and potential suppliers. In 2024, two supplier conferences were held (one offline and one online), with participation from over 100 suppliers. All suggestions and recommendations received during such conferences are consolidated by Kazakhtelecom JSC for the ongoing improvement of procurement system management.

Key feedback channels include:

- Technical support for the procurement portal: +7 (7172) 55 2266, support2@skc.kz
- Direct line for complaints and inquiries: 8(727) 226 82 61
- WhatsApp: +7701 428 58 15, vopros@telecom.kz

In 2024, the Company received 120 letters/inquiries/proposals from both potential and existing suppliers. The main topics included:

- participation in tenders;
- completion of the prequalification process (evaluation of potential suppliers' compliance with qualification requirements for goods, works, and services).

Responses to these and other questions are published on the Company's official Facebook page.

104.002 KZT billion

procurement budget from local suppliers

MARKETS AND COMPETITION

MANAGEMENT APPROACH

GRI 3-3

The management of anti-competitive behavior at Kazakhtelecom JSC involves a combination of legal, ethical, and strategic measures. One of the fundamental legislative acts followed by the Company is the Law of the Republic of Kazakhstan "On Natural Monopolies."

The Company is included in the national section of the State Register of Entities of Natural Monopolies and performs the functions of a "universal service" operator, which subjects its activities to state regulation.

The antimonopoly regulation of Kazakhtelecom JSC's activities is overseen by the authorized body for natural monopolies in the telecommunications sector – the Committee for State Control in the Sphere of Communications, Informatization and Mass Media under the Ministry of Information and Communications of the Republic of Kazakhstan. The authority for competition protection with respect to Kazakhtelecom JSC is exercised by the Committee for Regulation of Natural Monopolies, Protection of Competition and Consumer Rights under the Ministry of National Economy of the Republic of Kazakhstan.

GRI 2-27, 206-1

During the reporting period, the Company did not record any cases related to violations of antimonopoly legislation or other legal actions against the Company in connection with obstruction of competition.

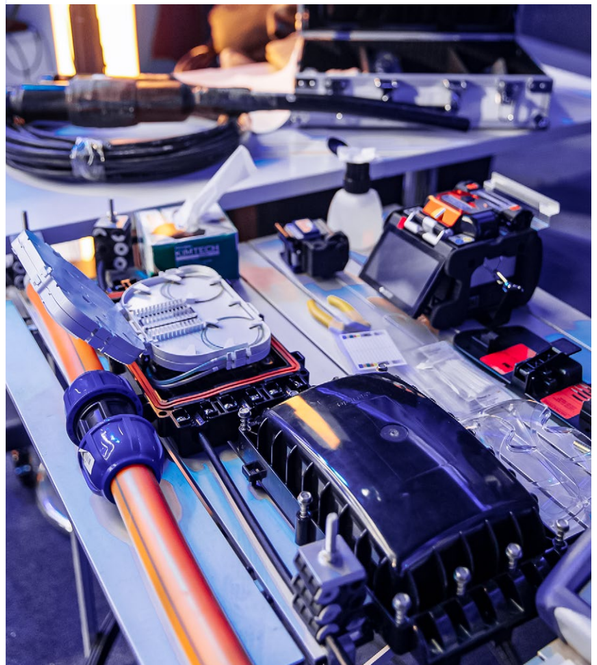
INNOVATION AND NEW TECHNOLOGIES

MANAGEMENT APPROACH

Innovative technologies play an important role in achieving the strategic goals of the Company and contribute to the creation of high-quality and user-friendly services for millions of people in Kazakhstan.

The implementation of innovative projects and the digital transformation of the Company help enhance management efficiency, minimize risks, and support alignment with ESG principles and the achievement of the UN Sustainable Development Goals.

Kazakhtelecom JSC develops and implements various digital products and solutions for individuals, businesses, and the public sector.



NEW BUSINESSES AND NEW PRODUCTS

DDoS Attack Protection

DDoS attack protection is one of the most in-demand services among corporate clients in Kazakhstan.

The "DDoS Attack Protection" service comprises a set of measures aimed at providing maximum resistance to and prevention of DDoS attacks from the Internet, based on solutions from global leaders in the field of cybersecurity. The service helps reduce risks related to the unavailability of public resources due to bandwidth saturation or critical equipment overload caused by DDoS attacks.

As part of the "Establishment of a SOC and Information Security Services for B2B/B2G" project, two additional AntiDDoS scrubbing devices were deployed in Astana using the INLINE scheme. These devices provide protection against internal DDoS attacks for Kazakhtelecom JSC subscribers. Preparations for their commissioning and the development of a product catalog for the service are currently underway.

In Almaty and Astana, a hardware and software complex for "Intrusion Protection" has been deployed, which includes a Next Generation Firewall, Web Application Firewall, Email Protection, and Sandbox. At present, pilot sales of the "Firewall Service" are being conducted.

Internet access with cache server integration

Cache servers are part of the infrastructure of the largest content providers – online games, video hosting platforms, streaming services, and social networks – hosted in Kazakhtelecom JSC's data centers within Kazakhstan. The product offered by Kazakhtelecom provides Internet access and access to the Company's cached resources for subscribers in the B2O segment.

Using this product allows clients and end users to significantly reduce the time needed to access popular resources. It also helps lower costs associated with the purchase and maintenance of expensive equipment such as data storage systems, servers, power supply units, and network infrastructure.

TELECOMMUNICATIONS INFRASTRUCTURE AND NETWORK DEVELOPMENT

Modernization of Backbone Data Transmission Network (BDTN)

In 2024, the implementation of the project "Expansion of Port Capacity for Operator Connections" was completed. During the 2020–2024 period, the following measures were carried out:

- Expansion/installation of ASBR (Autonomous System Border Routers) of the backbone data transmission network;
- Expansion of external Internet channels on ASBR routers of the backbone data transmission network;
- Expansion of port capacity on MX-PE routers of the backbone data transmission network;
- Expansion of port capacity on MASG routers of the Mobile Backhaul network;
- Expansion/modernization of core P-routers (PTX) of the backbone data transmission network;
- Expansion/installation of DWDM backbone channels;
- Expansion/installation of SpeedTest servers to monitor the quality of data transmission services across the backbone data transmission network.

In 2024, service edge routers were upgraded. As a result of installation and commissioning works, telecommunications operators can now connect to 100 Gbps ports in the cities of Astana, Almaty, Aktobe, Shymkent, Karaganda, Atyrau, Taraz, Pavlodar, Kyzylorda, Semey, Uralsk, Kostanay, Aktau, and Ust-Kamenogorsk.

Expansion of Network Infrastructure (Peering) and Caching Servers to Optimize Content Access

In 2024, new caching servers were launched for VK, CloudFlare, Baishan, Microsoft, and others. The total volume of localized traffic throughput exceeded 5 Tbps. A cluster of high-performance servers was deployed in Pavlodar to support the launch of various services.

Significant investments were made in the data center in Astana to improve power supply, cooling systems, data transmission equipment, racks, and other infrastructure components. These improvements will enable the hosting of a substantial number of caching servers in the coming years.

In 2024, successful negotiations were held with Telegram, resulting in the establishment of a direct peering connection at one of the Company's points of presence (POP) with a total capacity of 100G. A commercial contract was also successfully implemented with MTS for access to Telegram peering.

DNS Service Improvement

In cooperation with ISC and Netnod, root DNS servers F.ROOT and I.ROOT were commissioned on the Company's data network in Pavlodar. This significantly enhances DNS reliability, reduces latency, and improves network security for millions of users in the region. The development of DNS infrastructure contributes to the resilience of the global Internet system by providing more stable connectivity for users in Central Asia.

This project is part of Kazakhtelecom JSC's broader effort to strengthen the region's digital infrastructure. The local deployment of additional root DNS servers accelerates query processing and reduces DNS response times.

5G Project

In 2024, Tele2 and Kcell successfully deployed 5G base stations in 20 cities across the Republic of Kazakhstan, fully meeting and even exceeding their licensing obligations to the government. In addition, Kazakhtelecom successfully implemented its plans to build a 5G MBH (Mobile Backhaul) network for mobile operators.

The total cost of the project amounted to KZT 536.9 billion.

Construction of a Submarine FOCL across the Caspian Sea project

The following activities were carried out under the project in 2024:

- As part of the "Construction of the FOCL along the bottom of the Caspian Sea" project, in 2024 the joint venture Caspinet B.V. (50% – Kazakhtelecom JSC, 50% – Azertelecom Int. LLC) prepared tender documentation and held a tender to select an EPC contractor for the design and construction of the submarine FOCL along the Caspian Sea, as well as a contractor for supervision services. Following the tender process, a contract was signed with a qualified EPC contractor for the design and construction of the submarine FOCL along the route from Aktau (Kazakhstan) to Sumgait (Azerbaijan). A separate contract was also signed with a company responsible for technical supervision of the works.
- Simultaneously, preparations began for the construction of the required onshore infrastructure. Design and construction works are underway for the beach manhole and cable landing stations in the city of Aktau. These facilities will serve as key nodes for integrating the submarine cable into the terrestrial networks.
- At present, the project is in the active preparatory phase for marine operations, including seabed surveys and route planning.

The total project cost amounted to KZT 23.0 billion.

Development of Fixed Wireless Access (FWA) in Rural Areas

The subsidiary Auyl Telecom LLP is implementing pilot projects to develop fixed wireless access (FWA) in rural areas, providing high-speed internet in locations where the construction of fibre-optic communication lines (FOCL) or GPON networks is economically unfeasible. This initiative helps reduce the digital divide and deliver modern connectivity to residents of remote regions.

As part of the pilot projects, solutions based on Open RAN and 5G FWA have already been tested. In the village of Sarybay, the average connection speed increased 85-fold – from 5 Mbps to 427 Mbps – significantly improving the quality of online education, telemedicine, and remote work. Thus, FWA not only modernises outdated technologies (WiFi, ADSL, CDMA EVDO) but also becomes a key tool in bridging the digital gap between urban and rural areas.

Auyl Telecom continues to actively expand its FWA network, with 5G being a strategic focus for the company. However, a 4G network is also being developed in parallel. A successful example of implementation is the village of Karatala in the Aktobe region, where 79 out of 120 households have been connected. The average connection speed is 46 Mbps, and the average internet traffic consumption per household over a three-week period reached 191 GB. For 10 subscribers, the data usage exceeded 450 GB during the same period.

Testing of various network functions and technical solutions

- The technical feasibility and readiness of the hardware and software complex based on Open RAN 5G Fronthaul for providing Internet access via fixed wireless access were tested. The operability of the Open RAN 5G Fronthaul solution was confirmed with some limitations.
- The invGUARD AS-SW software suite was tested to evaluate its capabilities in monitoring and analyzing network traffic statistics on the Kazakhtelecom JSC network within the TelcoCloud environment.
- The VOLTHA GPON technology was tested in the TelcoCloud environment in the city of Konaev. The main idea of this solution is disaggregation and avoidance of vendor lock-in. In traditional GPON, OLT (stationary equipment), software, licenses, and ONT (customer premises equipment) are supplied by a single vendor and are “locked,” which prevents connecting ONTs from other manufacturers to an OLT of a different vendor or using software from other providers. The VOLTHA solution overcomes these restrictions by allowing the selection of white-box OLT hardware from one manufacturer, software and licenses from another, and using the openOMCI standard to connect ONTs from different vendors.
- The product is not yet fully ready, but the concept and implementation activity are already delivering results. The pilot broadband project based on VOLTHA is currently being implemented in Konaev.
- The service of providing access to cache servers for telecom operators in Kazakhstan and Central Asia was tested.
- Testing has begun on an indoor solution to provide mobile Internet access using PicoCell in locations with poor mobile/broadband signal quality (e.g., shops, cafes located in basements).

INFORMATION SECURITY AND DATA PROTECTION

The Company recognises the importance of ensuring information security and protecting its clients’ data. Kazakhtelecom JSC continues to develop a robust information security and data protection management system.

MANAGEMENT APPROACH

GRI 3-3, 418-1

The Information Security Service reports directly to the Managing Director for Information Security, who oversees information security issues at the highest level within the Company.

The key internal documents regulating information security include:

- Information Security Policy;
- Personal Data Protection Policy of Kazakhtelecom JSC;
- Information Security Concept.

These documents are available on the Company’s website in the “Sustainable Development” section, under the “Information Security and Data Protection” subsection.

Key principles of information security management:

- compliance with legal requirements;
- involvement of top management in the information security process;
- business orientation;
- process-based approach;
- comprehensive use of methods, tools, and means of protection;
- adherence to best practices;
- reasonable sufficiency;
- awareness and personal accountability.

To ensure information security, Kazakhtelecom JSC applies a systematic approach. One of the key aspects is round-the-clock monitoring of data throughout their entire lifecycle – from the moment they enter the Company’s infrastructure to their archiving or permanent deletion.

Currently, the Company applies globally recognized best practices in information security. Internal systems are protected using solutions such as secure remote access to information resources, safe internet usage, privileged access management (PAM), vulnerability scanners, and more. The Company strives to counter external threats and implements new solutions and methods for handling resources, including the development of internal infrastructure, training of qualified specialists, the establishment of a Security Operations Center (SOC), and the adoption of the Zero Trust concept.

Other important security components used by the Company include integration into the national cybersecurity system (YShDI), Internet of Things (IoT) security, deployment of honeypots, the use of machine learning, and other advanced technologies. In addition, regular training and awareness-raising activities are conducted to enhance employees’ knowledge of information security.

Personal Data Protection

GRI 418-1

The Company has developed and implemented the Personal Data Protection Policy, which sets out the core principles for processing the personal data of clients, suppliers, business partners, employees, and other individuals. It defines the key actions related to the collection, storage, and processing of personal data, as well as the measures taken to protect such data.

This Policy serves as the fundamental document in the field of personal data protection, establishing the objectives, tasks, and principles the Company adheres to in its operations. It also provides a framework for the development of other related internal documents.

Key principles of personal data protection:

- respect for constitutional rights and freedoms of individuals and citizens;
- legality of personal data protection processes;
- confidentiality of restricted-access personal data;
- engagement of the Company's management in ensuring personal data protection;
- business orientation;
- process-based approach;
- comprehensive application of tools, methods, and means of protection;
- alignment with best practices;
- reasonable sufficiency;
- awareness and personal responsibility.

Key Results for the Reporting Period

In 2024, the Company implemented a comprehensive set of measures in the area of information security to protect corporate information systems, personal data, confidential information, and data transmission networks.

As part of maintaining an up-to-date information security management system, the Company approved 16 regulatory and procedural documents.

To raise awareness among Kazakhtelecom employees regarding information security, the Company issued 7 informational newsletters, launched 2 digital marathons on the Corporate University training portal covering rules and requirements in the area of information security, and conducted 4 cybersecurity drills in the form of phishing simulations to assess employees' cyber hygiene and response actions to suspicious emails.

A comprehensive inspection was carried out across facilities and server rooms housing equipment classified as critical information communication infrastructure (CICI), along with the structural units responsible for their administration. Based on identified non-conformities, recommendations were issued to heads of relevant departments.

As part of operational improvements, the Company's IT Division reorganized internal departments in 2024 to launch a corporate Security Operations Center (SOC) and switch to 24/7 operations. The SOC is responsible for:

- Protecting the Company's corporate perimeter;
- Monitoring information security (IS) events;
- Responding to IS incidents;
- Investigating IS incidents;
- Identifying vulnerabilities in the Company's information systems;
- Issuing recommendations for resolving IS incidents;
- Monitoring the effectiveness of information protection tools.

In 2024, the second phase of the Company's transition to the ZeroTrust model was completed. A range of hardware and software security tools were deployed, significantly strengthening the Company's corporate infrastructure protection. Key results of the corporate SOC in 2024:

- Approximately 3,300 DDoS attacks on customer resources were repelled (peak intensity exceeding 74 Gbps), with total malicious traffic over 1,100 Tb;
- Over 710 million malicious traffic packets were blocked;
- Software vulnerability scanners detected around 118,000 vulnerabilities in company systems, over 64% of which were remediated by responsible administrators;
- More than 40,000 network attacks were neutralized via protection tools, along with detection of 45,000 viruses and blocking of over 20,000 password brute-force attempts;
- The Privileged Access Management (PAM) system monitored more than 270 privileged users (system administrators, external users, and contractors) across over 120 terminal server IP addresses used for accessing corporate information systems;
- Data Leak Prevention (DLP) systems detected over 800 files containing confidential information stored in violation of internal security requirements;
- Around 60 honeypots (decoy systems simulating real company assets) were deployed, which helped detect more than 2,000 malicious requests within the corporate network.

During the reporting period, one hotline report was received concerning a potential personal data processing violation. The investigation did not confirm any client data breach. No confirmed incidents of customer data leaks were recorded during the period.

Employee Awareness and Training on Information Security

GRI 418-1

The Company conducts regular training activities for its employees to uphold the core principles of information security – confidentiality, integrity, and data availability.

Information security is ensured at multiple levels. Administratively, every employee is required to review and comply with the Company's internal regulations, rules, and policies in the field of information security. Technically and physically, the Company applies a range of hardware and software systems, including cryptographic protection tools and other security measures.

In addition, specialists from the Information Security Division regularly undergo various advanced training courses on information security, cybersecurity, and information security risks and threats. General training and testing on digital hygiene are conducted for employees in customer service and HR departments, where the risk of unauthorized data use is relatively high.

CORPORATE GOVERNANCE REPORT

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CORPORATE GOVERNANCE REPORT

The Company endeavours to maintain a high level of corporate governance and transparency of its operations. We improve our corporate governance system, taking into account changes in business and society. This approach ensures efficiency at all levels of management.

Key principles of the Company's corporate governance:

- Sustainable development
- Respect for shareholder rights and fair treatment of shareholders
- Efficiency
- Transparency.

Compliance with the principles and provisions of the Corporate Governance Code is reported annually to the Board of Directors in a report prepared by the Corporate Secretary. For more details, see Appendix "Report on Compliance with the Corporate Governance Code."

The Kazakhtelecom JSC's corporate governance system is a set of processes ensuring management and control over the joint stock company's activity as well as the system of relationships between the executive body, the Board of Directors, shareholders, and stakeholders. The Charter of Kazakhtelecom JSC determines and enshrines the competence of the bodies and procedure for making decisions.

«BBB-»

with a Stable Outlook

On 21 November 2024, Fitch Ratings affirmed Kazakhtelecom JSC's rating

The agency positively assessed the company's leading position in Kazakhstan's telecommunications market, its ownership of infrastructure, and strong financial profile. At the same time, it noted moderate risks related to the domestic operating environment, competitive pressure following the sale of MT-S LLP, and limited diversification of funding sources.

Fitch highlighted the resilience of the business model, the company's ability to generate free cash flow, and its adaptability to market conditions. Among the key strengths are its position in the fixed-line segment and investments in digital transformation (5G, cloud technologies).

The analysis by the 2024 results showed that Kazakhtelecom JSC's activity and its corporate practice ensure compliance with the principles and provisions of the Corporate Governance Code.

Management bodies:

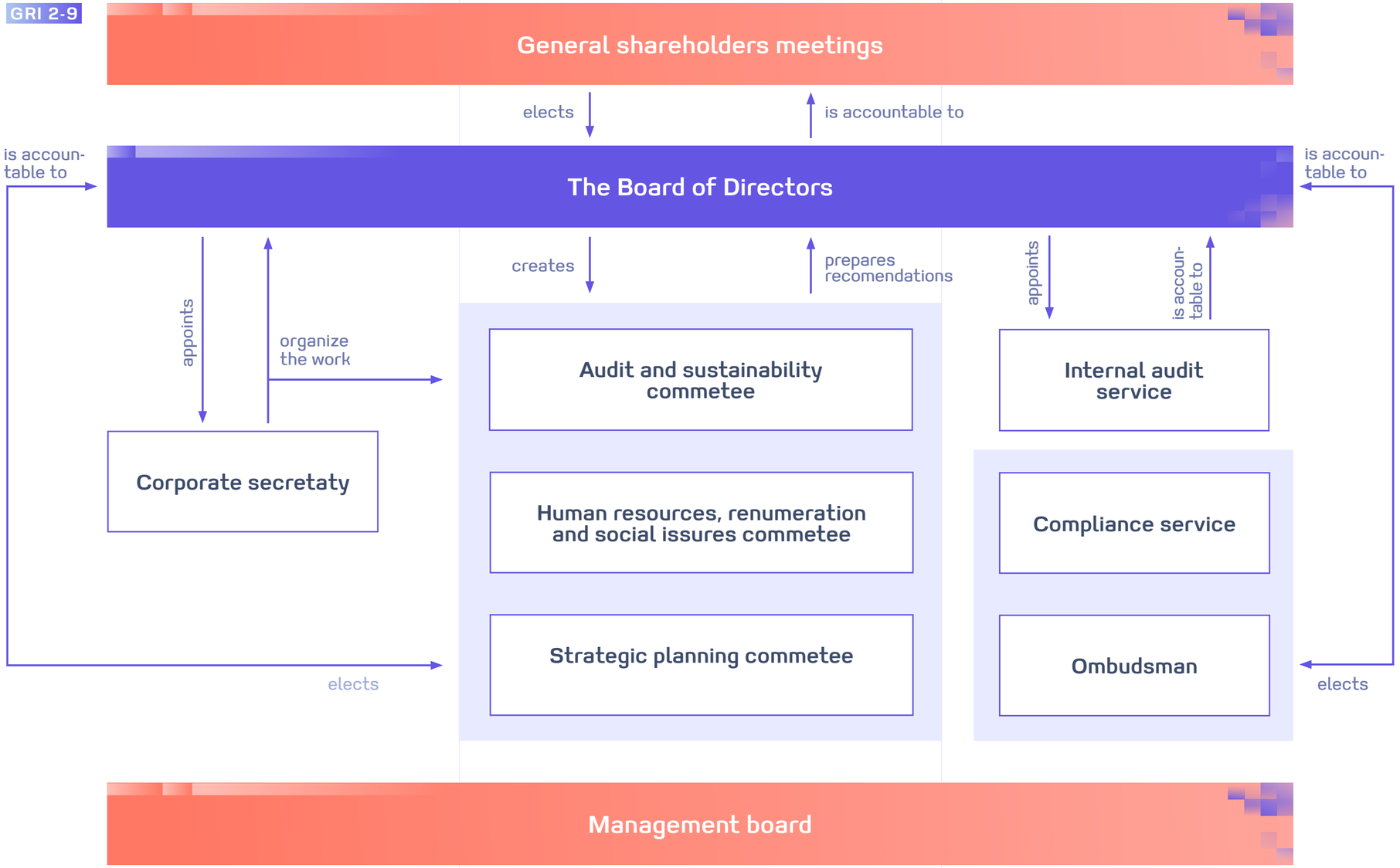
- the supreme body – the General Meetings of Shareholders;
- the management body – the Board of Directors;
- the executive body – the Management Board.

The Management Board is subordinate and accountable to the Board of Directors, which, in turn, is responsible to the General Meeting of Shareholders. The detailed role and functions of each body of the Company are described in the law On Joint-Stock Companies, the Charter and other internal documents of the Company.

The Internal Audit Service is a body that monitors the financial and economic activities of the Company, evaluates internal control, risk management and execution of documents in corporate governance as well as consulting to improve the activities of the joint stock company.

CORPORATE GOVERNANCE STRUCTURE OF KAZAKHTELECOM JSC

GRI 2-9



GENERAL MEETING OF SHAREHOLDERS

Shareholders' rights and their observance are important principles of Kazakhtelecom JSC's corporate governance. The Company equally takes into account the interests of all shareholders, including minority shareholders, regardless of their shareholding, and ensures equal access to information.

In 2024, three General Meetings of Shareholders were held. The General Meeting of Shareholders initially scheduled for 31 October 2024 and rescheduled to 1 November 2024 did not take place due to a lack of quorum. The meetings that were held addressed matters including the approval of the Annual Financial Statements and changes in the composition of the Company's Board of Directors.

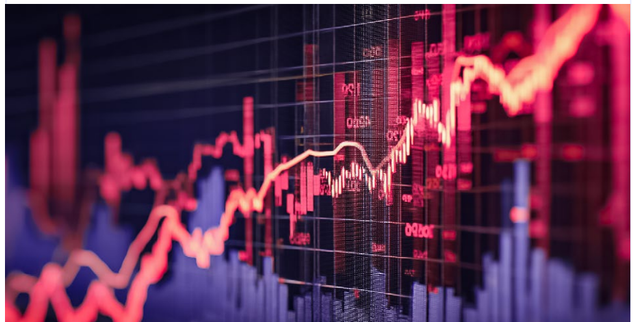
At the Annual General Meeting of Shareholders held on May 15, 2025, the Chairman of the Board of Directors presented information on the activities of the Board of Directors and its committees for 2024. The report included details on measures aimed at sustainable development and long-term value growth, key risk factors, significant events, issues discussed, the format and number of meetings held, attendance levels, as well as other relevant information disclosed in the sections "Board of Directors' Activities" and "Board Committees" of this report.

SHAREHOLDER INFORMATION

Kazakhtelecom JSC discloses information in accordance with the laws of the Republic of Kazakhstan On Securities Market and On Joint Stock Companies, as well as in accordance with the requirements of Kazakhstan Stock Exchange JSC, Astana International Exchange Ltd. and the National Bank of the Republic of Kazakhstan.

The Internet resources of Kazakhstan Stock Exchange JSC (kase.kz), Astana International Exchange Ltd. (aix.kz) and Information and Accounting Centre JSC (dfo.kz) publish information on the composition of the management body and executive body of the Company, on corporate events, on the composition of major shareholders, forthcoming general shareholders meetings and their results, on securities issues as well as financial statements and other information for the benefit of shareholders and investors.

In addition, for broader shareholder and stakeholder outreach, information is disclosed on the Company's website.



EQUITY CAPITAL STRUCTURE

As of 01 January 2025, members of the Management Board and the Board of Directors of the Company do not own ordinary shares of Kazakhtelecom JSC, there is no cross ownership of shares.

Shareholders	Number of Shares	Share of Issued Ordinary Shares (%)*	Share of Outstanding Ordinary Shares (%)**
Sovereign Wealth Fund Samruk-Kazyna JSC	8,655,561	79.24	80.85
Private Company TELECOM SYSTEMS LTD	983,350	9.00	9.18
Corporate Fund "Social Development Fund"	367,091	3.36	3.43
Repurchased Shares	216,852	1.99	-
Others	700,022	6.41	6.54
Total Authorized Ordinary Shares	**10,922,876**	**100.00**	**100.00**

* The share is calculated based on the total number of issued ordinary shares.

** The share is calculated based on the total number of issued ordinary shares, excluding repurchased shares.

The charter capital of Kazakhtelecom JSC amounts to KZT 12,136,529 thousand and consists of 10,922,876 ordinary shares and 1,213,653 preferred shares. The nominal value of one share is KZT 1,000. Preferred shares account for 10% of the total number of issued shares of Kazakhtelecom JSC.

Both ordinary and preferred shares of Kazakhtelecom JSC were included in category "A" of the official list of the Kazakhstan Stock Exchange JSC (hereinafter – the Exchange) on 16 October 1997 and were transferred to the first category of the official list on 1 September 2008.

Currently, both ordinary and preferred shares of the Company are included in the "Premium" category of the official list of the Kazakhstan Stock Exchange and are traded on the Exchange's main platform.

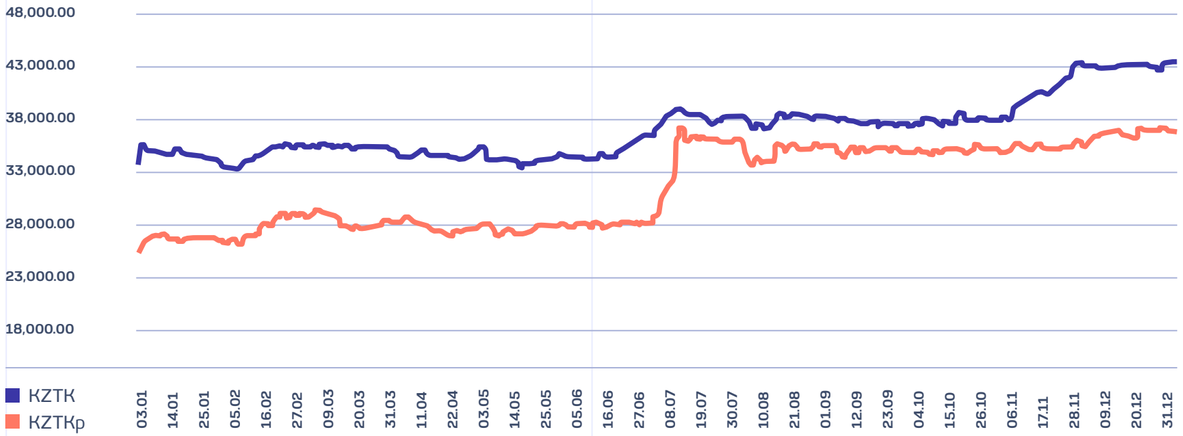
On 28 April 2006, the state-owned block of shares in Kazakhtelecom JSC was transferred to the Kazakhstan Holding for Management of State Assets "Samruk" JSC, established in accordance with the Resolution of the Government of the Republic of Kazakhstan No. 117 dated 23 February 2006, for the effective management of state stakes in a number of Kazakhstan's largest companies. Pursuant to the Resolution of the Government of the Republic of Kazakhstan No. 962 dated 17 October 2008 "On measures to implement the Decree of the President of the Republic of Kazakhstan No. 669 dated 13 October 2008," the Sovereign Wealth Fund "Samruk-Kazyna" JSC (SWF "Samruk-Kazyna," the Fund) was established through the merger of the Sustainable Development Fund "Kazyna" and the Kazakhstan Holding for Management of State Assets "Samruk."

On 12 September 2023, the State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan, which had been the second largest shareholder of Kazakhtelecom JSC since May 2022, transferred 3,084,983 ordinary shares of Kazakhtelecom JSC (28.24% of the issued ordinary shares) to the Fund.

As of today, the Fund is the largest shareholder of Kazakhtelecom JSC.

As of 1 January 2025, the private company Telecom Systems Ltd owns 983,350 ordinary shares of Kazakhtelecom JSC, representing 9.00% of the issued ordinary shares.

CHANGES IN SHARE MARKET VALUE



SHARE PRICE (KZT)*

	31.12.2023	31.12.2024
Ordinary shares (per share), KZT	34,500	43,778
Preferred shares (per share), KZT	24,750	36,900

In 2024, the minimum share price of Kazakhtelecom JSC's ordinary shares reached KZT 33,303.00, while the minimum price for preferred shares reached KZT 24,797.00.

At the beginning of 2024, news emerged regarding a planned transaction for the sale of MT-S LLP between Kazakhtelecom JSC and PIH Communication LLC, which triggered a rise in the Company's share prices. On 18 June 2024, the Minister of Digital Development announced the estimated value of the transaction, further accelerating the growth of both ordinary and preferred shares. Throughout the year, the Company's share prices continued to increase.

As of the last trading day of December 2024, the price of Kazakhtelecom JSC's ordinary shares (ISIN KZ0009093241) on the Kazakhstan Stock Exchange stood at KZT 43,778.00, while the price of its preferred shares (ISIN KZ0009094645) reached KZT 36,900.00.

DIVIDEND POLICY

The purpose of the dividend policy of Kazakhtelecom JSC (hereinafter – the Company) is to ensure the balance of interests of the Company and Shareholders, predictability and transparency of approach in determining the amount of dividends, terms and procedure of their payment.

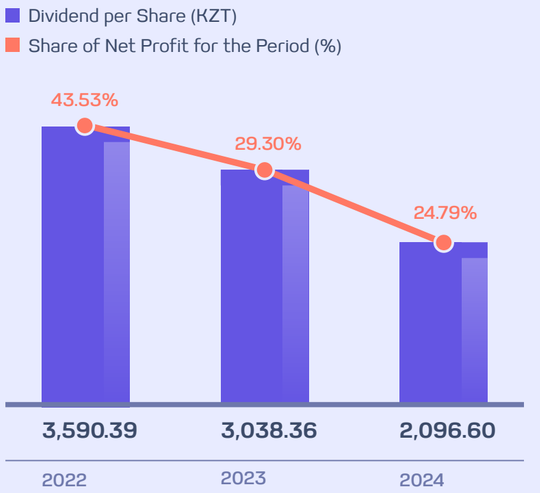
The main principles of the Company's dividend policy are the principle of ensuring guaranteed dividend payment on the entire block of the Company's outstanding shares and the principle of ensuring financing of the Company's activities, including financing of new activities and investment projects implemented at the Company's expense.

The amount of dividends payable depends on the financial and economic condition of the Company, determined on the basis of financial stability and liquidity indicators.

The amount of dividends proposed for distribution by the Company is determined in accordance with the dividend calculation methodology set forth in the Dividend Policy of Kazakhtelecom JSC, approved by the resolution of the Extraordinary General Meeting of Shareholders (Minutes No. 49 dated 18 January 2013), with amendments introduced by the resolution of the Extraordinary General Meeting of Shareholders of Kazakhtelecom JSC dated 27 December 2013 (Minutes No. 51). The final decision on dividend amounts is made by the General Meeting of Shareholders.

In 2024, pursuant to the resolution of the Annual General Meeting of Shareholders (Minutes No. 81 dated 30 April 2024), 24.79% of the consolidated unallocated profit for 2023 attributable to the owners of the parent company was allocated for dividend payments.

DECLARED DIVIDENDS ON SHARES OF KAZAKHTELECOM JSC FOR 2022–2024



BOARD OF DIRECTORS

GRI 2-9

The Board of Directors is the governing body of the Company responsible for defining its strategic direction, approving the development strategy and budget, appointing the executive body, and exercising other powers.

The activities of the Board of Directors are governed by the legislation of the Republic of Kazakhstan, as well as the Charter, the Corporate Governance Code, the Regulations on the Board of Directors, and other documents adopted by the General Meeting of Shareholders.

7 members

comprise the Board of Directors

3 independent directors

in the composition of the Board of Directors (43% of the total composition)

ROLES OF BOARD OF DIRECTORS MEMBERS

The Chairman manages the Board of Directors, organises the work and ensures efficient operation of the Board of Directors, conducts its meetings and performs other functions stipulated by the Charter and the Regulations on the Board of Directors.

Members of the Board of Directors are the shareholders' representatives acting in the interests of major shareholders when the Board of Directors performs its activities.

Independent directors of the Board of Directors are members of all committees, consider all issues and accept recommendations for the Board of Directors. The Audit and Sustainability Committee consists exclusively of independent directors. They review and make decisions on financial reporting, internal and external audit, risk and other important areas of activity. In addition, independent directors also decide on entering into related-party transactions due to their independence.

ELECTION OF THE BOARD OF DIRECTORS' MEMBERS

GRI 2-10

Members of the Board of Directors are elected by the annual General Meeting of Shareholders and re-elected by the extraordinary General Meeting of Shareholders in case of early termination of powers of previously elected members of the Kazakhtelecom JSC Board of Directors in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Charter of Kazakhtelecom JSC and the Regulations on the Board of Directors of Kazakhtelecom JSC.

The General Meeting of Shareholders elects the members of the Board of Directors based on clear and transparent procedures, taking into account the competences, skills, achievements, business reputation and professional experience of the candidates. When re-electing individual members of the Board of Directors or the entire Board of Directors for a new term, their contribution to the effectiveness of the Company's Board of Directors is taken into account.

The Chairman of the Board of Directors cannot simultaneously serve as the Chairman of the Fund's Management Board.

The Board of Directors should include individuals with the knowledge, skills and experience necessary for the Board of Directors to perform its functions and ensure the growth of long-term value and sustainable development of the organisation as well as with an impeccable business and personal reputation.

The criteria for selecting candidates to the Board of Directors:

- experience in executive positions;
- experience as a member of the Board of Directors;
- length of service;
- education, specialisation, including international certificates;
- competences in areas and industries (industries may vary depending on the asset portfolio);
- business reputation;
- existence of a direct or potential conflict of interest if elected to the Board of Directors of the organisation.

Elections of members of the Board of Directors are carried out by shareholders by cumulative voting using voting ballots, except for cases when one candidate is running for one seat on the Board of Directors.

Candidates for election to the position of a member of the Board of Directors may be nominated from among:

- Individual Shareholders.
- Persons proposed (recommended) for election to the Board of Directors as shareholder representatives.
- Individuals who are not a shareholder of the Company and are not proposed (not recommended) for election to the Board of Directors as a representative of the shareholder.

COMPOSITION OF THE BOARD OF DIRECTORS

In 2024, changes were made to the composition of the Board of Directors of Kazakhtelecom JSC.

On 12 April 2024, by resolution of the Extraordinary General Meeting of Shareholders:

- The powers of Gibrat Kairatovich Auganov as a member of the Board of Directors of Kazakhtelecom JSC were terminated early;
- Yelzhas Muratovich Otynshiyev was elected to the Board of Directors for the remainder of the term as a representative of Samruk-Kazyna JSC.

On 30 April 2024, by resolution of the Annual General Meeting of Shareholders:

- The following individuals were elected to the Board of Directors of Kazakhtelecom JSC for the term stipulated by the Charter, effective from the date of the Annual General Meeting of Shareholders: N. Baidauletov, N. Kazutin, Y. Otynshiyev, K. Yesekeyev, A. Abdualiyev, D. Zaika, and A. Neupokoyev.

On 17 July 2024, by resolution of the Extraordinary General Meeting of Shareholders:

- The powers of Kuanyshbek Bakytbekovich Yesekeyev as a member of the Board of Directors of Kazakhtelecom JSC were terminated early;
- Bagdat Batyrbekovich Mussin, Chairperson of the Management Board of Kazakhtelecom JSC, was elected to the Board of Directors for the remainder of the term.

As of the end of 2024, the composition of the Board of Directors is as follows:

- Nurzhan Talipovich Baidauletov (Chairperson of the Board of Directors)
- Yelzhas Muratovich Otynshiyev
- Nikolay Yuryevich Kazutin
- Bagdat Batyrbekovich Mussin
- Asset Kuandykovich Abdualiyev
- Dmitriy Alexandrovich Zaika
- Artur Viktorovich Neupokoyev.

Key competencies of the Board members:

- **Nurzhan Talipovich Baidauletov** – leadership of the Board of Directors, telecommunications, strategy, implementation of major shareholder decisions
- **Bagdat Batyrbekovich Mussin** – telecommunications, strategy, business planning
- **Yelzhas Muratovich Otynshiyev** – strategy, human resources, implementation of major shareholder decisions
- **Nikolay Yuryevich Kazutin** – audit, finance, marketing, implementation of major shareholder decisions
- **Asset Kuandykovich Abdualiyev** – audit, corporate finance, international law, strategy, management, public administration
- **Dmitriy Alexandrovich Zaika** – audit, finance, strategic planning, marketing, telecommunications, mobile business
- **Artur Viktorovich Neupokoyev** – telecommunications, marketing, strategic management, corporate sales, operator business.

BIOGRAPHIES OF THE BOARD OF DIRECTORS MEMBERS

GRI 2-9, 2-11

NURZHAN BAIDAULETOV

Chairman of the Board of Directors, Representative of the shareholder Samruk-Kazyna JSC (8,655,561 ordinary (voting) shares)

Date of Birth: 1 September 1960
Citizenship: Republic of Kazakhstan
Date of first election to the Board of Directors: 8 May 2012
Date of current election to the Board of Directors: 30 April 2024
Shareholding: No

Education:

- 2017 – 2019 – International Chartered Director Programme of the Directors Institute of Great Britain;
- 09.1977 – 06.1986 – Moscow Institute of Railway Transport Qualified in Railway Transportation Process Management.

Place of work and positions held in organisations over the last five years:

- 17.04.2016 – to date – Representative of Samruk-Kazyna JSC in the Kazakhtelecom JSC Board of Directors;
- 02.06.2014 – 17.04.2016 – Samruk-Kazyna JSC, Senior Asset Management Officer;
- 27.11.2008 – 01.06.2014 – Samruk-Kazyna JSC, Managing Director.

YELZHAS OTYNSHIYEV

Member of the Board of Directors, Representative of the shareholder Samruk-Kazyna JSC (8,655,561 ordinary (voting) shares)

Date of Birth: 1 April 1987
Citizenship: Republic of Kazakhstan
Date of first election to the Board of Directors: 12 April 2024
Date of current election to the Board of Directors: 30 April 2024
Shareholding: No

Education:

- 2008 – 2010 – Moscow Institute of Physics and Technology, Faculty of General and Applied Physics Master's Degree in Applied Mathematics and Physics;
- 2004 – 2008 – Moscow Institute of Physics and Technology, Faculty of General and Applied Physics Bachelor's Degree in Applied Mathematics and Physics;
- 1996 – 2003 – "Elim Ai" Music School – Vocal and Piano;
- 2002 – 2004 – Technical Lyceum No. 165, Almaty;
- 1994 – 2002 – Linguistic Gymnasium No. 120, Almaty.

Additional Information:

- April 2004 – 5th Asian Physics Olympiad, Hanoi, Vietnam – Certificate of Merit
- July 2004 – 35th International Physics Olympiad, Pohang, South Korea – Bronze Medal

Place of work and positions held in organisations over the last five years:

- Апрель 2023 – to date – JSC "Samruk-Kazyna" – Co-Managing Director for Strategy and Asset Management;
- May 2021 – April 2023 – Kazakhstan Investment Development Fund (KIDF) Management Company Ltd. – Deputy Chairperson of the Management Board (since July 2021);
- December 2019 – May 2021 – PlanetCare Management LLP – Deputy General Director for Investments and Development;
- May 2019 – December 2019 – Kazakhstan Investment Development Fund (KIDF) Management Company Ltd. – Senior Analyst / Vice President, Direct Investments Department;
- January 2018 – May 2019 – JSC "Samruk-Kazyna" – Head of the Mining Asset Development Sector, Asset. Development Department.

NIKOLAY KAZUTIN

Member of the Board of Directors, Representative of the shareholder Samruk-Kazyna JSC (8,655,561 ordinary (voting) shares)

Date of Birth: 28 November 1982
Citizenship: Republic of Kazakhstan
Date of first election to the Board of Directors: 4 July 2022
Date of current election to the Board of Directors: 30 April 2024
Shareholding: No

Education:

- Graduated in 2003 from Kazakh Economic University named after T. Ryskulov, Speciality: Accounting and Audit.

Place of work and positions held in organisations over the last five years:

- February 2022 – to date – Samruk-Kazyna JSC, Managing Director of Legal, Assurance and Risk;
- January 2020 – February 2022 – Deputy Chairman of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan;
- January 2018 – November 2019 – Head of Internal Audit Service of East Kazakhstan Regional Energy Company JSC, Ust-Kamenogorsk city;
- August 2016 – January 2018 – Advisor to Kokshetau Mineral Waters JSC, Kokshetau;
- March 2006 – June 2016 – Senior Manager, Department of PricewaterhouseCoopers Tax and Advisory LLP, Almaty.

MUSSIN BAGDAT

Member of the Board of Directors – Chairperson of the Management Board of Kazakhtelecom JSC

Date of Birth: 03 March 1983
Citizenship: Republic of Kazakhstan
Date of first election to the Board of Directors: 17 July 2024
Date of current election to the Board of Directors: 17 July 2024
Shareholding: No

Education:

- 2000 – 2004 – Suleyman Demirel University – Specialty: Computer Hardware and Software Engineering;
- 2004 – 2006 – Kazakh Institute of Law and International Relations – Specialty: Law.

Place of work and positions held in organisations over the last five years:

- 10.06.2024 – to date – Chairperson of the Management Board, Kazakhtelecom JSC;
- 02.09.2020 – 30.04.2024 – Minister of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan;
- 07.2020 – 09.2020 – First Vice Minister of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan;
- 03.2020 – 07.2020 – Advisor to the President of the Republic of Kazakhstan on Digitalization and Innovation Technologies;
- 05.2019 – 03.2020 – Entrepreneur, IT Specialist;
- 05.2018 – 05.2019 – Deputy Chairperson of the Management Board for Innovation, BI Group Holding;
- 2017 – 2018 – Chairperson of the Committee on Legal Statistics and Special Records, General Prosecutor's Office of the Republic of Kazakhstan ;
- 2014 – 2016 – Chairperson of the Management Board, Kazpost JSC.

ASSET ABDUALIYEV

Independent Director

Date of Birth: 8 August 1984
Citizenship: Republic of Kazakhstan
Date of first election to the Board of Directors: 19 July 2023
Date of current election to the Board of Directors: 30 April 2024
Independence criteria: Meets the criteria specified in subparagraph 20) Article 1 of the Law of the Republic of Kazakhstan On Joint Stock Companies

Education:

- 2018 – 2019 – Stanford University. Graduate School of Business Master of Science in Management (MSx);
- 2017 – 2018 – Harvard University, School of Public Administration Master of Public Administration (MPA);
- 2006 – 2007 – University of Dundee CEPMLP. Master of Laws (LLM);
- 2001 – 2005 – L.N. Gumilev Eurasian National University, Faculty of Law, Bachelor of International Law.

Place of work and positions held in organisations over the last five years:

- 06/2023- to date – CEO, Silk Road Innovation Hub;
- 06/2021 – 06/2023 – TaskRabbit, Inc., Head of Strategy and Development, San Francisco, USA;
- 06/2016 – 05/2017 – Almaty Development Centre JSC, Deputy Chairman of the Management Board .

DMITRIY ZAIKA

Independent Director

Date of Birth: 27 April 1975
Citizenship: Republic of Kazakhstan
Date of first election to the Board of Directors: 30 June 2015
Date of current election to the Board of Directors: 30 April 2024
Independence criteria: Meets the criteria specified in subparagraph 20) Article 1 of the Law of the Republic of Kazakhstan On Joint Stock Companies

Education:

- 2003 – 2005 – Kazakh State Economic University. Specialisation Financial Management Qualification: Economist (diploma with honours);
- 1992 – 1998 – Almaty Institute of Power Engineering and Communications Specialisation: radio engineering, qualification: radio engineer.

Place of work and positions held in organisations over the last five years:

- 2011 – 2020 – Chimpharm JSC, Independent Director;
- 2012 – 2016 – ALTEL JSC, Independent Director;
- 2015 – to date – Kazakhtelecom JSC, Independent Director.

ARTUR NEUPOKOYEV

Independent Director

Date of Birth: 22 June 1967
Citizenship: Republic of Kazakhstan
Date of first election to the Board of Directors: 19 July 2023
Date of current election to the Board of Directors: 30 April 2024
Independence criteria: Meets the criteria specified in subparagraph 20) Article 1 of the Law of the Republic of Kazakhstan On Joint Stock Companies

Education:

- 1985 – 1992 – Kazakh Polytechnic Institute. Speciality: physico-chemical studies of metallurgical processes.

Place of work and positions held in organisations over the last five years:

- 01.2018 – 11.2019 – Kazakhtelecom JSC, Director of the Department for sales to large customers of the Corporate Business Division;
- 03.2006 – 12.2017 – Kazakhtelecom JSC, Deputy Director General – Commercial Director of the Corporate Sales Directorate.

DIRECTORS' INDEPENDENCE

In accordance with the requirements of the Law On Joint Stock Companies, independent members of the Board of Directors should be at least 30%. In 2024, this proportion in the Kazakhtelecom JSC's Board of Directors was 43%.

Independent Director is a member of the Board of Directors who:

- is not an affiliate of this joint stock company and has not been an affiliate of this joint stock company for three years preceding his election to the Board of Directors (except for the case of his tenure as an independent director of this joint stock company);
- is not an affiliate of any affiliate of this joint stock company;
- is not a subordinate to any officials of the joint-stock company or affiliated entities of the joint-stock company and has not been subordinate to any such officials during the three years preceding his election to the Board of Directors;
- is not a government official;
- is not a shareholder's representative at meetings of the bodies of the joint stock company and has not been such a representative during the three years preceding his election to the Board of Directors;
- does not participate in the audit of this joint stock company as an auditor working as part of an audit organisation and has not participated in such an audit during the three years preceding his election to the Board of Directors.

The independent directors of the Company's Board of Directors fully met the independence criteria in 2024. For more details, please refer to the document titled "Declaration of Independence of the Board of Directors" available on the Company's website. https://sustainability.telecom.kz/?page_id=73

CONFLICTS OF INTEREST

GRI 2-15

Kazakhtelecom JSC has a Conflict of Interest Policy. The Policy defines the procedure for prevention, identification and regulation of conflict of interests, procedures for interaction and coordination of the Company's bodies and/or persons in case of occurrence or probability of occurrence of conflict of interests.

In 2024, the Board of Directors recorded no conflicts of interest in its work.

ACTIVITY OF THE BOARD OF DIRECTORS

In 2024, meetings of the Board of Directors were held online using existing video conferencing platforms.

Over the course of the year, 22 Board meetings were held, during which 107 matters were reviewed.

Key decisions of the Board of Directors in 2024:

- Approval of the Group Policy of Kazakhtelecom JSC on Full-Cycle Investment Activity Management
- Approval of the ESG Strategy of Kazakhtelecom JSC for 2024–2032
- Review of certain matters related to CASPINET B.V., the mobile operators of Kazakhtelecom JSC group, and implementation of the Kazakhtelecom JSC Development Plan
- Decisions made to provide charitable assistance to regions affected by floods in the amount of KZT 1 billion
- Review of the appointment of a new Chairperson of the Management Board
- Decision to divest 100% ownership interest in the charter capital of Mobile Telecom-Service LLP.

The Board of Directors also regularly heard reports from the Management Board on the execution of the Business Plan, occupational health and safety, implementation of strategic projects, risk management, strategy implementation, and the activities of mobile operators.

ASSESSMENT OF THE BOARD OF DIRECTORS

GRI 2-18

The Company evaluates the Kazakhtelecom JSC Board of Directors' performance in accordance with the Rules for evaluation of the performance of the Board of Directors and its committees, members of the Board of Directors and the Corporate Secretary. According to this document, the Company assesses the Board of Directors once a year by means of self-assessment and at least once in three years by independent consultants.

PricewaterhouseCoopers' consultants conducted the last external assessment of the Board of Directors' performance in 2021. According to their assessment, the rating for the Board of Directors and Executive Body Effectiveness increased from BB in 2018 to BBB. In addition, based on the results of this assessment, the Corporate Governance Improvement Plan included measures related to the activities of the Board of Directors.

In accordance with the specified Rules, the assessment of the Board of Directors for 2023 and 2022 was conducted internally. The evaluation criteria included aspects such as the level of strategic thinking, industry knowledge, professional experience, commitment to teamwork, adherence to sustainability principles, and other relevant factors.

For the assessment of the Board of Directors' performance in 2024, the engagement of independent consultants is planned in 2025. The selection of consultants will be carried out in accordance with the Procurement Procedure of the Sovereign Wealth Fund "Samruk-Kazyna" JSC and legal entities in which fifty percent or more of the voting shares (interests) are directly or indirectly owned by Samruk-Kazyna JSC by right of ownership or trust management.

PARTICIPATION IN THE BOARD OF DIRECTORS' MEETINGS IN 2024

Members of the Board of Directors	№1 22.02.24	№2 05.03.24	№3 27.03.24	№4 09.04.24	№5 10.04.24	№6 03.05.24	№7 24.05.24	№8 29.05.24	№9 31.05.24	№10 10.06.24	№ 11 05.07.24	№ 12 18.07.24	№ 13 26.08.24	№ 14 31.08.24	№ 15 19.09.24	№ 16 18.10.24	№ 17 04.11.24	№ 18 12.11.24	№ 19 15.11.24	№ 20 11.12.24	№ 21 24.12.24	№ 22 27.12.24	% Participation
N.T. Baidauletov	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	100%
K.B. Yesekeyev	+	+	+	+	+	+	+	+	+														100%
N.Yu. Kazutin	+	+	+	+	+	+	-	+	+	+	+	+	+	-	+	+	+	+	+	-	+	+	86.4%
G.K. Auganov	-	+	+	+	+																		80%
A.K. Abdualiyev	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-	-	90.9%
D.A. Zaika	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-	+	-	+	-	86.4%
A.V. Neupokoyev	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	100%
Y.M. Otynshiyev						-	+	+	+	+	+	+	+	+	-	+	+	+	+	+	+	+	88.2%
B.B. Mussin												+	+	+	+	+	+	+	+	+	+	+	100%

COMMITTEES OF THE BOARD OF DIRECTORS

GRI 2-9

In 2024, three Committees functioned under the Board of Directors: the Audit and Sustainable Development Committee, the Human Resources, Remuneration and Social Affairs Committee, and the Strategic Planning Committee.

AUDIT AND SUSTAINABLE DEVELOPMENT COMMITTEE

GRI 2-9, 2-13

The Kazakhtelecom JSC's Board of Directors established the Audit Committee by its resolution in 2006. In July 2022, the Board of Directors renamed the Audit Committee into the Audit and Sustainable Development Committee. The Committee carries out its activity in accordance with the Regulations on the Committee approved by the Board of Directors on 19 July 2022.

Composition of the Committee in 2024:

- Asset Kuandykovich Abdualiyev (Chairperson of the Committee)
- Dmitriy Alexandrovich Zaika
- Artur Viktorovich Neupokoyev.

In accordance with the Corporate Governance Code of Kazakhtelecom JSC, the Audit and Sustainable Development Committee consists entirely of independent directors who meet the criteria for recognising the independence of directors stipulated by subparagraph 20) of Article 1 of the Law of the Republic of Kazakhstan On Joint Stock Companies.

In accordance with the Regulations on the Committee, the Chairman of the Committee invited to the meetings to provide information on agenda items:

- members of the Board of Directors;
- Heads of the Internal Audit Service and Compliance Service;
- representatives of the external auditor Ernst & Young LLP;
- employees of the Company (top management, heads of structural divisions, experts) and employees of subsidiaries.

In accordance with Clause 16 of the Committee's Regulations, the Committee holds regular in-person meetings at least once per quarter, as well as extraordinary meetings as needed. The Committee's 2024 Work Plan scheduled meetings in each of the four quarters, with a list of matters within its competence.

In 2024, the Committee held 8 meetings, during which 27 matters were reviewed and corresponding recommendations were provided to the Company's Board of Directors. These included issues related to the activities of the Internal Audit Service, Compliance Service, internal controls and risks, financial reporting, external audit, and other key topics.

The Committee operated in line with its 2024 Work Plan. Committee members actively participated in each meeting, and their performance was assessed as effective.

In its work, the Committee strictly adhered to the Charter of Kazakhtelecom JSC, the Company's Corporate Governance Code, and the Committee Regulations.

In carrying out their duties, the Committee and its members acted in the best interests of the Company, diligently and reasonably. The Committee fulfilled the objectives, responsibilities, and functions assigned to it by the Corporate Governance Code, the Committee Regulations, the instructions of the Board of Directors, and its 2024 Work Plan.

PARTICIPATION IN AUDIT AND SUSTAINABLE DEVELOPMENT COMMITTEE MEETINGS IN 2024

Committee members	№1 19.02	№2 26.03	№3 24.05	№4 27.05	№5 16.07	№6 16.09	№7 30.10	№8 09.12	Participation rate
Abdualiyev A.K.	+	+	+	+	+	+	-	+	87.5%
Zaika D.A.	+	+	+	+	+	+	+	+	100%
Neupokoyev A.V.	+	+	+	+	+	+	+	+	100%

HUMAN RESOURCES, REMUNERATION AND SOCIAL AFFAIRS COMMITTEE

GRI 2-20

The Board of Directors of Kazakhtelecom JSC established the HR, Remuneration and Social Affairs Committee by its decision in 2015.

The Committee reports to the Board of Directors and carries out its activities in accordance with the Regulations on HR, Remuneration and Social Affairs Committee of the Board of Directors of Kazakhtelecom JSC, approved by the decision of the Board of Directors Minutes No.2 dated 18.03.2015.

Composition of the Nomination, Remuneration and Social Affairs Committee of the Board of Directors of Kazakhtelecom JSC in 2024:

- Dmitriy Alexandrovich Zaika (Chairperson of the Committee)
- Asset Kuandykovich Abdualiyev
- Artur Viktorovich Neupokoyev
- Yelzhas Muratovich Otynshiyev

Until 3 May 2024:

- Dmitriy Alexandrovich Zaika (Chairperson of the Committee)
- Gibrat Kairatovich Auganov
- Asset Kuandykovich Abdualiyev
- Artur Viktorovich Neupokoyev.

From 3 May 2024:

- Dmitriy Alexandrovich Zaika (Chairperson of the Committee)
- Asset Kuandykovich Abdualiyev
- Artur Viktorovich Neupokoyev.

On 15 November 2024, Yelzhas Muratovich Otynshiyev was elected to the Committee.

In accordance with the Regulations on the Human Resources, Remuneration and Social Affairs Committee, the Chairman of the Committee invited to the meetings as speakers, observers and also to provide information on agenda items:

- members of the Board of Directors;
- employees of the Company (top management, heads of structural divisions, experts);
- candidates for managerial positions in accordance with the List of managerial positions.

In 2024, the Nomination, Remuneration and Social Affairs Committee held 13 in-person meetings, during which 34 matters were reviewed and relevant recommendations were submitted to the Company's Board of Directors. These included matters of a social nature, changes to the structure of the Central Office, election of employees to the Company's Management Board, appointments of first executives of subsidiaries, approval of KPIs for senior management, remuneration, human resources management, and other topics.

The Committee operated in accordance with its 2024 Work Plan. Members of the Committee actively participated in each meeting, and their performance was assessed as effective.

The Committee and its members carried out their duties in the best interests of the Company, acting diligently and reasonably.

In 2024, the Nomination, Remuneration and Social Affairs Committee fulfilled the goals, tasks, and functional responsibilities assigned to it by the Company's Corporate Governance Code, the Regulations on the Nomination and Remuneration Committee, resolutions and instructions of the Board of Directors, as well as the Committee's 2024 Work Plan.

PARTICIPATION IN HR, REMUNERATION AND SOCIAL AFFAIRS COMMITTEE MEETINGS IN 2024

Members of the Board of Directors	№1 21.02	№2 05.03	№3 26.03	№4 24.05	№5 28.05	№6 10.06	№7 05.07	№8 16.07	№9 31.08	№10 16.09	№11 19.09	№12 01.11	№13 10.12	Participation rate
Zaika D.A.	+	+	+	+	+	+	+	+	+	+	+	+	+	100%
Abdualiyev A.K..	+	-	+	+	+	+	+	+	+	+	+	-	+	92.31%
Neupokoyev A.V.	+	+	+	+	+	+	+	+	+	+	+	+	+	100%
Auganov G.K.	+	+	+											100% during their term of membership on the Committee

STRATEGIC PLANNING COMMITTEE

The Board of Directors of Kazakhtelecom JSC established the Strategic Planning Committee by the decision of the Board of Directors in 2010. The Strategic Planning Committee is a consultative and advisory body of the Board of Directors and carries out its activities in accordance with the Regulations on the Strategic Planning Committee approved by the decision of the Board of Directors on 19 November 2010.

Composition of the Strategic Planning Committee of the Board of Directors of Kazakhtelecom JSC in 2024:

- Artur Viktorovich Neupokoyev (Chairperson of the Committee)
- Asset Kuandykovich Abdualiyev
- Dmitriy Alexandrovich Zaika
- As non-voting experts: Askar Zhalelovich Kairov and Almagul Umurzakovna Mukanova (representatives of Samruk-Kazyna JSC).

The Chairperson of the Committee invited the following participants to Committee meetings as observers, speakers, or for the purpose of providing information on agenda items:

- Members of the Management Board
- Senior and other employees of the Company and its subsidiaries
- Representatives of Samruk-Kazyna JSC.

According to Clause 15 of the Committee's Regulations, the Strategic Planning Committee holds meetings in accordance with the annual plan approved by the Committee's decision, but not less than once per quarter. Extraordinary meetings are convened as needed.

In 2024, the Strategic Planning Committee held 10 in-person meetings, during which 26 matters were reviewed and relevant recommendations were provided to the Company's Board of Directors. These included issues related to strategy, business planning, strategic projects, and other key areas of the Company's operations.

The Committee operated in accordance with its 2024 Work Plan. Committee members actively participated in all meetings, and their performance was assessed as effective.

The Committee and its members acted in the best interests of the Company, diligently and reasonably in the execution of their duties.

The Committee successfully fulfilled its responsibilities of advising the Board of Directors on the determination of the Company's strategic priorities and development strategy, including proposals aimed at enhancing the Company's long-term performance.

In 2024, the Strategic Planning Committee met the goals, tasks, and functional responsibilities set forth in the Regulations on the Strategic Planning Committee, the resolutions and instructions of the Board of Directors, and the Committee's 2024 Work Plan.

PARTICIPATION IN STRATEGIC PLANNING COMMITTEE MEETINGS IN 2024

Committee members	№1 19.02	№2 19.03	№3 27.05	№4 31.05	№5 16.07	№6 17.09	№7 19.09	№8 01.11	№9 14.11	№10 09.12	Participation rate
Neupokoyev A.V.	+	+	+	+	+	+	+	+	+	+	100%
Abdualiyev A.K..	+	+	+	+	+	+	+	-	+	+	90%
Zaika D.A.	+	-	+	-	+	+	+	+	+	+	80%

IMPROVING THE PROFESSIONAL COMPETENCE OF MEMBERS OF THE BOARD OF DIRECTORS

GRI 2-17

The Company has a Policy on professional development and attraction of external experts by members of the Board of Directors. This policy has been developed considering best practice of corporate governance in order to improve the efficiency of the Board of Directors' work through the implementation of a system of skills development and professional development of members of the Board of Directors and the exercise of their right to engage external experts if the issues considered by the Board of Directors require external professional and independent expert analysis. No training of the Board of Directors members was organised in 2024.

COMPENSATION OF THE BOARD OF DIRECTORS

GRI 2-19, 2-21

The General Shareholders Meeting of Kazakhtelecom JSC of 12 August 2021 decided to pay the independent director a fixed annual fee and additional fee for membership/presidency in committees of the Board of Directors:

- for non-residents of the Republic of Kazakhstan – fixed annual remuneration amounting to USD 45 thousand (forty-five thousand) and additional remuneration for membership/chairing of committees of the Board of Directors of the Company amounting to USD 11 thousand (eleven thousand) after taxes and other compulsory contributions in accordance with the legislation of the Republic of Kazakhstan;
- for residents of the Republic of Kazakhstan – fixed annual remuneration amounting to KZT 16,650,000 (sixteen million six hundred fifty thousand) and additional remuneration for membership/chairing of Committees of the Board of Directors of the Company amounting to KZT 4,000,000 (four million) after taxes and other compulsory contributions in accordance with the legislation of the Republic of Kazakhstan.

The total remuneration paid by the Company to resident members of the Board of Directors in 2024 amounted to KZT 57,300,000. The total remuneration paid to non-resident members of the Board of Directors in 2024 amounted to USD 56,000. The overall total remuneration paid to all members of the Company's Board of Directors for 2024 was KZT 85,264,160.

CORPORATE SECRETARY

The Corporate Secretary is accountable to the Board of Directors and performs duties in accordance with the legislation of the Republic of Kazakhstan, the Charter, the Corporate Governance Code, other internal documents, as well as resolutions of the General Meeting of Shareholders and the Board of Directors.

Within the scope of responsibilities, the Corporate Secretary oversees the preparation and organisation of General Meetings of Shareholders and meetings of the Board of Directors, manages documentation and ensures the proper flow of information for the Board, arranges the convening of Board meetings and records the minutes, and provides Board members with the necessary information.

The Corporate Secretary of Kazakhtelecom JSC, Mr. B.K. Abdykalykov, is a recipient of state awards and holds the industry title "Uzdik Baylanystyshy" (Best Telecommunications Specialist). He has been recognised as one of the best corporate secretaries among the companies of the Samruk-Kazyna Fund group, and is an active participant in various initiatives aimed at enhancing corporate governance and the corporate secretary institution. He is an Honorary Member of the Central Asian Association of Corporate Secretaries and served as Chair of the Jury for the "Corporate Secretary 2023" competition.

In 2024, he was awarded a Letter of Appreciation by the Central Asian Association of Corporate Secretaries "For contribution to improving the business environment and promoting best practices in corporate governance and sustainability standards in the country."

The Corporate Secretary's Regulations can be accessed on the Company's corporate website in the "Corporate Governance" section.

MANAGEMENT BOARD

The Management Board is the collective executive body of the Company. It acts on behalf of the Company, including representing its interests and entering into transactions in accordance with the legislation of the Republic of Kazakhstan and the Company's Charter. The Management Board approves the staffing of the Company, excluding the employees of the Central Office, and makes decisions that are mandatory for all employees of the Company.

The Management Board is responsible for overseeing the current operations of Kazakhtelecom JSC and is authorised to make decisions on any matters not reserved by the legislation of the Republic of Kazakhstan or the Company's Charter to other governing bodies or officials.

The Management Board consists of seven members, including the Chairperson of the Management Board and other individuals elected by the Board of Directors.

In 2024, the following individuals were elected to the Management Board: First Deputy Chairperson of the Management Board Arnur Nurkatov, Chief Financial Officer Lyazzat Baskanbayeva, Chief Administrative Officer Erzhan Meiramov, and Chief Executive Officer of the Retail Business Division Igor Pogrebitsky.

7 members

comprise the Management Board

COMPOSITION OF THE MANAGEMENT BOARD

GRI 2-11

BAGDAT BATYRBEKOVICH MUSSIN

Member of the Board of Directors, Chairperson of the Management Board of Kazakhtelecom JSC

Date of Birth: 3 March 1983
Citizenship: Republic of Kazakhstan
Date of initial appointment to the Management Board of Kazakhtelecom JSC: 10 June 2024
Date of current appointment: 10 June 2024
Ownership of shares in the Company, its suppliers or competitors: None

Education: Higher

- 2000 – 2004 – Suleyman Demirel University, major in Software and Hardware of Computer Technologies;
- 2004 – 2006 – Kazakh Institute of Law and International Relations, major in Jurisprudence.

Place of work and positions held in organisations over the last five years:

- 2014 – 2016 – Chairperson of the Management Board, Kazpost JSC;
- 2017 – 2018 – Chairperson of the Committee on Legal Statistics and Special Records of the General Prosecutor's Office of the Republic of Kazakhstan;
- 2018 – 2019 – Deputy Chairperson of the Management Board for Innovation, BI Group Holding;
- 2019 – 2020 – Entrepreneur, IT specialist;
- 03.2020 – 07.2020 – Advisor to the President of the Republic of Kazakhstan on Digitalisation and Innovative Technologies;
- 07.2020 – 09.2020 – Vice Minister of Digital Development, Innovations and Aerospace Industry of the Republic of Kazakhstan;
- 02.09.2020 – 30.04.2024 – Minister of Digital Development, Innovations and Aerospace Industry of the Republic of Kazakhstan;
- Since 10.06.2024 – Chairperson of the Management Board of Kazakhtelecom JSC, Member of the Board of Directors.

Concurrent positions and membership in boards of directors of other organisations: None

ARNUR ARYSTANOVICH NURKATOV

Member of the Management Board, First Deputy Chairperson of the Management Board of Kazakhtelecom JSC

Date of Birth: 20 October 1967
Citizenship: Republic of Kazakhstan
Date of appointment to the Management Board of Kazakhtelecom JSC: 18 July 2024
Ownership of shares in the Company, its suppliers or competitors: None

Education: Higher

- 1990 – Almaty Institute of National Economy, major in Accounting and Analysis of Economic Activities;
- 2009 – Moscow Institute of Professional Accountants and Auditors, ACCA programme;
- 2009 – Financial Academy under the Government of the Russian Federation;
- 2014 – Stockholm School of Economics;
- 2019 – Institute of Regional Economic Problems of the Russian Academy of Sciences;
- 2021 – Moscow Financial and Industrial University.

Place of work and positions held in organisations over the last five years:

- 2015–2024 – General Director, KT Cloud Lab LLP, Almaty;
- Since 2024 – First Deputy Chairperson of the Management Board, Member of the Management Board of Kazakhtelecom JSC.

Concurrent positions and membership in boards of directors of other organisations: None

NURLAN KEMALOVICH MEIRMANOV

Member of the Management Board, Chief Innovation Officer of Kazakhtelecom JSC

Date of Birth: 3 August 1972
Citizenship: Republic of Kazakhstan
Date of appointment to the Management Board of Kazakhtelecom JSC: 2 May 2019
Ownership of shares in the Company, its suppliers or competitors: None

Education: Higher

- 1989 – 1995 – Kazakh Chemical-Technological Institute, major in Basic Processes of Chemical Production and Chemical Cybernetics;
- 2008 – International Academy of Business, Doctor of Business Administration;
- 2011 – Russian Presidential Academy of National Economy and Public Administration, Doctor of Business Administration.

Place of work and positions held in organisations over the last five years:

- 01.2012 – 05.2019 – Kazakhtelecom JSC, Managing Director for Innovation;
- Since 05.2019 – Kazakhtelecom JSC, Chief Innovation Officer.

Concurrent positions and membership in boards of directors of other organisations: Member of the Supervisory Board of NURSAT+ LLP

LYAZZAT BUDENOVNA BASKANBAYEVA

Member of the Management Board, Chief Financial Officer of Kazakhtelecom JSC

Date of Birth: 5 August 1971
Citizenship: Republic of Kazakhstan
Date of appointment to the Management Board of Kazakhtelecom JSC: 18 July 2024
Ownership of shares in the Company, its suppliers or competitors: None

Education: Higher

- 1993 – Zhambyl State Pedagogical Institute;
- 1996 – Taraz State University;
- 2010 – International Academy of Business.

Place of work and positions held in organisations over the last five years:

- 2016 – 2022 – Director of the Management Accounting and Reporting Department, Kazakhtelecom JSC, Astana;
- 2022 – 2024 – Chief Financial Officer, Corporate Business Division, Kazakhtelecom JSC, Astana;
- Since 2024 – Chief Financial Officer, Member of the Management Board.

Concurrent positions and membership in boards of directors of other organisations: None

YERZHAN BOLATOVICH MEIRAMOV

Member of the Management Board, Chief Administrative Officer of Kazakhtelecom JSC

Date of Birth: 2 March 1971
Citizenship: Republic of Kazakhstan
Date of appointment to the Management Board of Kazakhtelecom JSC: 5 August 2024
Ownership of shares in the Company, its suppliers or competitors: None

Education: Higher

- 1999 – 2003 – Kazakh Humanitarian Law University named after M.S. Narikbayev, major in Law;
- 2003 – 2005 – Kazakh Economic University named after T. Ryskulov, major in Finance and Credit;
- 2012 – 2013 – King's College London, major in Public Policy, Master of Public Administration.

Place of work and positions held in organisations over the last five years:

- 2019 – 2021 – Director of the Legal Affairs and Government Relations Department, Kcell JSC;
- 2021 – 2024 – Chairman of the Telecommunications Committee of the Ministry of Digital Development and Aerospace Industry of the Republic of Kazakhstan;
- Since 2024 – Chief Administrative Officer, Member of the Management Board.

Concurrent positions and membership in boards of directors of other organisations: None

ALIBEK BEIBITOVICH INDYKBAYEV

Member of the Management Board, General Director of the Corporate Business Division of Kazakhtelecom JSC

Date of Birth: 30 July 1988
Citizenship: Republic of Kazakhstan
Date of appointment to the Management Board of Kazakhtelecom JSC: 03 July 2023
Ownership of shares in the Company, its suppliers or competitors: None

Education: Higher

- 2018 – Kazakh Academy of Transport and Communications named after M. Tynyshpayev, major in Radio Engineering, Electronics and Telecommunications;
- 2008 – Turan University, major in Finance.

Place of work and positions held in organisations over the last five years:

- 07.2021 – 10.2022 – Chairman of the Management Board, Q Telecom JSC;
- 10.2022 – 04.2023 – Chairman of the Board of Directors, Q Telecom JSC;
- Since 05.2023 – General Director of the Corporate Business Division, Kazakhtelecom JSC.

Concurrent positions and membership in boards of directors of other organisations: None

IGOR YEVGENYEVICH POGREBITSKY

Member of the Management Board, General Director of the Retail Business Division of Kazakhtelecom JSC

Date of Birth: 19 May 1978
Citizenship: Republic of Kazakhstan
Date of appointment to the Management Board of Kazakhtelecom JSC: 18 July 2024
Ownership of shares in the Company, its suppliers or competitors: None

Education: Higher

- 2000 – North Kazakhstan State University, major in Radio Engineering.

Place of work and positions held in organisations over the last five years:

- 2018 – 2019 – Managing Director of Sales, Retail Business Division, Kazakhtelecom JSC, Almaty;
- Since 2019 – General Director of the Retail Business Division, Kazakhtelecom JSC, Almaty; Member of the Management Board.

Concurrent positions and membership in boards of directors of other organisations: None

ACTIVITY OF THE MANAGEMENT BOARD

- **Approved**: the investment activity lifecycle management policy for the Kazakhtelecom JSC group of companies; the 2023 annual financial statements of Kazakhtelecom JSC; the disposal of a 100% interest in the charter capital of Mobile Telecom-Service LLP; amendments to the Kazakhtelecom JSC Development Strategy for 2023–2032; the draft Corporate Governance Code of Kazakhtelecom JSC; the draft ESG Strategy of Kazakhtelecom JSC for 2024–2032; the ESG Practices Development Roadmap of Kazakhtelecom JSC for 2025–2032; the establishment of the Occupational Safety Directorate, a branch of Kazakhtelecom JSC; the establishment of the Digital Business Division, a branch of Kazakhtelecom JSC; the business plan for the Strategic Integrated Project "FTTH Network Rollout"; and amendments to the Policy on the Engagement of Audit Firms of Kazakhtelecom JSC.
- **Adopted**: the 2024 implementation roadmap for strategic and business initiatives under the JRun programme of Kazakhtelecom JSC; the 2024 Procurement and Cash Budgets of Kazakhtelecom JSC; the 2025–2029 Operating Budget of Kazakhtelecom JSC; the updated Treasury and Cash Management Policy of Kazakhtelecom JSC; the Occupational Health and Safety Policy of Kazakhtelecom JSC; the Corporate Governance Policy for subsidiaries of Kazakhtelecom JSC; and the Regulation on the Management of Subsidiaries of Kazakhtelecom JSC.

REMUNERATION OF THE BOARD

GRI 2-19, 2-20, 2-21

The terms and procedure for the payment of remuneration to the Company's senior executives for the reporting period are governed by the Rules for the Payment of Performance-Based Remuneration to Senior Executives of Kazakhtelecom JSC, approved by the decision of the Board of Directors dated 14 February 2023 (Minutes No. 2) (the "Rules").

Key principles of the Rules include:

- the link between remuneration and the achievement of objectives that serve the interests of the Company and its shareholders;
- simplicity and transparency in determining the amount of remuneration;
- dependence of remuneration on both the Company's performance and the employee's individual effectiveness.

Key Performance Indicators (KPIs) are used to assess the performance of senior executives.

The performance evaluation procedure for senior executives consists of the following stages:

- setting KPIs and their target values;
- approval of KPIs;
- monitoring of performance;
- calculation and approval of actual performance results.

Performance-based remuneration for the reporting period is paid within the funds allocated for this purpose in the Company's budget, following the formal approval of the financial and economic performance results based on the audited financial statements for the reporting period.

The maximum amount of performance-based remuneration is determined in accordance with the established remuneration structure.

The total amount of salaries and all types of monetary incentives paid to the members of the Management Board in 2024 amounted to KZT 634,562 thousand, net of taxes.

INFORMATION TRANSPARENCY

As a public company, the largest player in Kazakhstan's telecommunications market, and a portfolio company of Samruk-Kazyna JSC, Kazakhtelecom JSC places the utmost importance on openness, transparency, and accountability. The Company builds communication with all key stakeholder audiences—including shareholders, investors, clients (both external and internal), government authorities of the Republic of Kazakhstan, the media, public associations, bloggers, and other interested parties—on the basis of its officially adopted and effective Information Policy (available at: https://telecom.kz/ru/pages/12089/171752).

The Company's Information Policy is guided by the following principles:

- Reliability;
- Timeliness;
- Accessibility;
- Completeness;
- Independence;
- Regularity;
- Systematic approach;
- Proactivity;
- Multimedia engagement.

The purpose of the Information Policy is to foster a positive perception of the Company among information recipients, build long-term and loyal relationships with stakeholders, enhance the Company's information transparency, and establish a clear and consistent information flow between the Company and its target audiences.

According to data from the Youscan media monitoring system, the total number of mentions of the Company, its products, projects, services, and offerings in various domestic, foreign, national, and regional media outlets amounted to 13,462 in 2024.

CORPORATE ETHICS

GRI 2-23

Corporate ethics issues in Kazakhtelecom JSC are governed by the Code of Business Conduct and the Corporate Governance Code. The Code of Business Conduct and the Corporate Governance Code are public documents and are freely distributed by the Company to employees, shareholders, customers, partners, and other stakeholders.

The Code of Business Ethics of Kazakhtelecom JSC was developed in accordance with the legislation of the Republic of Kazakhstan and takes into account the requirements of the International Labour Organization, as well as the Company's Charter, Corporate Governance Code, and a number of other internal documents of Kazakhtelecom JSC.

The provisions of the Code of Business Ethics and the Corporate Governance Code are mandatory for all employees and officers of the Company.

All officers and employees are required to confirm in writing that they have read and understood the Code of Business Ethics. In addition, the Company regularly conducts training sessions for officers and employees to ensure awareness of the Code of Business Ethics, the role of the Ombudsperson, and the availability of the whistleblowing system for reporting suspected violations. In 2024, a total of 12,104 employees of the Company completed training on the Code of Business Ethics.

The Company's key principles of business ethics include:

- Compliance with legal requirements;
- Fairness;
- Integrity;
- Transparency;
- Accountability;
- Competence and professionalism;
- Trust;
- Meritocracy.

The Ombudsperson is responsible for ensuring adherence to ethical principles and resolving social and labor-related conflicts. The Ombudsperson is an employee of the Company appointed by the Board of Directors to support conflict prevention and resolution in labor relations, protect the rights and legitimate interests of employees, promote corporate values, and uphold the principles of business ethics.

The Code of Business Conduct of Kazakhtelecom JSC is available on the Company's website telecom.kz.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Corporate Risk Management and Internal Control System (CRMS and IC) is aimed at providing reasonable assurance of achieving the goals set by the governing body of Kazakhtelecom JSC.

In today's environment, emerging risks in the telecommunications sector include cybersecurity threats, changes in legislation and regulatory frameworks, as well as technological challenges such as the deployment of 5G and the Internet of Things (IoT). The increasing number of cyberattacks on communication networks poses risks of confidential data breaches, service disruptions, and significant implications for both business operations and society at large.

As the largest telecommunications operator in Kazakhstan, Kazakhtelecom JSC plays a key role in advancing telecommunications infrastructure and ensuring the security of communications across the country. The Company actively adopts modern technologies and strives to enhance the cybersecurity of its networks to protect customer data and ensure the uninterrupted delivery of communication services. These efforts are supported by the functioning of the Corporate Risk Management and Internal Control System CRMS and IC) at Kazakhtelecom JSC, which is designed to safeguard assets, improve business processes, enhance operational efficiency, and ensure compliance with applicable legal requirements.

The timely identification of non-conformities and inefficiencies, the analysis and forecasting of potential scenarios, and the development of preventive and mitigating measures make a significant contribution to the achievement of the Company's operational and strategic objectives.

MODEL OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

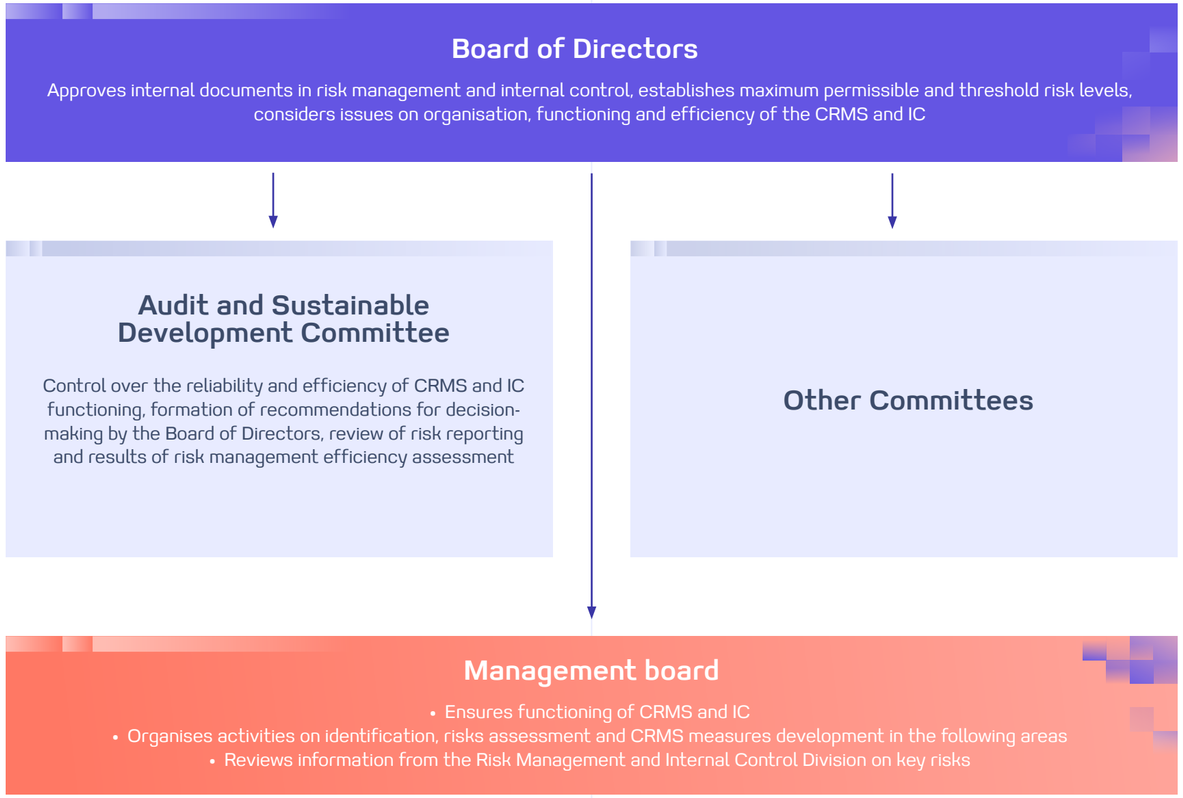
The Company's CRMS and IC functioning model involves all levels of corporate governance in the timely identification and management of risks and non-conformities, and includes building CRMS and IC components at the strategic and tactical management levels as well as ensuring independent assessment and oversight of its functioning.

MAIN TASKS AIMED AT ACHIEVING THE OBJECTIVES OF THE INTERNAL CONTROL SYSTEM

1. Forming and updating the main areas of development of the Internal Control System (ICS) in accordance with the Company's needs and the stakeholders' requirements
2. Risk assessment of business processes, development, implementation and execution of control procedures, including unified methodological support for the organisation and effective functioning of ICS in the Company
3. Identification of deficiencies in existing control procedures, development and implementation of measures to eliminate them, typification and regulation of control procedures
4. Development and implementation of mechanisms for interaction and exchange of information on internal control between CRMS and IC subjects to build a preventive system for identifying operational risks, including through the information systems use

As part of the above tasks, the Company works to identify business process risks, develop and implement control procedures which helps to improve the efficiency and manageability of business processes, ensure the reliability of financial reporting, compliance with legal requirements and local regulatory documents of the Company.

ORGANISATIONAL STRUCTURE OF THE CORPORATE RISK MANAGEMENT SYSTEM



ORGANISATIONAL STRUCTURE OF THE CORPORATE RISK MANAGEMENT SYSTEM

FIRST LINE Operational risk management	SECOND LINE Control and monitoring function	THIRD LINE Independent assessment
Risk supervisors, risk owners, business process and control owners • Identifying, assessing, managing and minimising risks • Ensuring an effective internal control system	**Controlling divisions, Risk Management and Internal Controls Department** • Coordination and improvement of the risk management and internal control process • Monitoring and control of the risk management and internal control system • Compliance with internal corporate requirements • Compliance with legal requirements	**Internal audit** • Independent assessment of the effectiveness of risk management, internal control and corporate governance systems

The Company recognises that risk management is effective only when every employee is in the process. Therefore, we are constantly developing a risk-oriented culture with the following key aspects:

TONE ON TOP

The Company's management sets an example for employees in discussing, identifying and assessing risks, and is actively involved in risk management.

CULTURAL SPECTRUM

Timely provision of risk information is encouraged. Acceptance of risks is allowed if they are not critical but may contribute to business development. The risks themselves are viewed not only as a potentially negative event, but also as an opportunity to improve the Company's processes.

INVOLVEMENT

Risk management training is organised for employees, accessible guidance materials are developed, and communication and support channels are organised.

INTERNAL CONTROLS SYSTEM

The Company has developed and regularly updates internal regulatory documents that define the procedures and principles governing the internal control system, including the Internal Control System Policy and the Internal Control System Management Rules. The updated documentation outlines the following:

- The objectives and principles for building the internal control system;
- The allocation of responsibilities among internal control system participants;
- The main steps and procedures of the internal control process, including responsibilities and timelines for implementation, enhancement, and diagnostics;
- The procedure for updating business process descriptions within the internal control system;
- The process for diagnosing (assessing the effectiveness of) the internal control system and preparing and submitting reports on its current status, including the identification of weaknesses in the internal control system over financial reporting;
- The conduct of independent assessments of the internal control system over financial reporting and its components by the Company's internal audit function.

The Company's internal control system is developed in accordance with recommendations from leading international risk management and internal control practices, including the Committee of Sponsoring Organizations of the Treadway Commission (COSO), TMForum, and ISO standards. The system is based on the "three lines of defense" model.

Responsibility for the system's operation is allocated in line with this model as follows:

FIRST LINE OF DEFENSE

Management (process owners) bear primary responsibility for managing risks associated with day-to-day operations. This line is also responsible for developing, implementing, and operating control mechanisms and monitoring their performance.

SECOND LINE OF DEFENSE

Identifies emerging risks in the Company's daily operations and ensures compliance with regulatory requirements and internal policies. It develops supporting policies, documentation, tools, and technologies.

THIRD LINE OF DEFENSE

Assesses the effectiveness of the internal control system (ICS), reports to the Management Board and the Audit Committee, and provides audit assurance to regulators and external auditors, demonstrating the effectiveness of the control environment and framework.

At Kazakhtelecom JSC, a formalized internal control system over the financial reporting process has been established. The key stages in building and maintaining this system include:

- Describing key business processes involved in financial reporting;
- Identifying and assessing risks at the business process level that could affect the reliability of reporting, and delineating responsibilities for managing these risks;
- Describing, assessing, and implementing control procedures aimed at mitigating process-level risks;
- Describing, assessing, and implementing entity-level control procedures, along with assigning responsibility for their execution;
- Describing, assessing, and implementing general IT controls, and assigning responsibilities accordingly;
- Ensuring timely communication of relevant information to stakeholders.

INTEGRATION OF RISK MANAGEMENT WITH THE COMPANY'S CROSS-FUNCTIONAL PROCESSES

Interrelation of risk management with strategic planning, budgeting, implementation of investment projects and products and other processes:

1 Strategic planning

When developing strategic plans, risks affecting the achievement of strategic goals are identified and analysed.

2 Budgeting

Analysing and accounting for risks associated with failure to achieve key financial KPIs.

3 Implementation of investment projects and products

Analysis and accounting of project and product risks associated with failure to achieve NPV and other indicators, followed by the formation of measures to mitigate risks.

4 Training

Professional development programmes are regularly held for employees involved in risk management. The training course On Risk Management and Internal Controls is available to all employees of the Company.

RISK MANAGEMENT IN 2024

On an annual basis, the Company conducts a risk identification process, the results of which are reflected in the Risk Register and Risk Map, both approved by the Board of Directors. The Risk Register includes risks that may impact the achievement of the Company's long-term strategic objectives and key performance indicators of the Development Plan.

According to the Risk Register and Risk Map as of the end of 2024, the Company has identified 24 risks:

:

The risk map of Kazakhtelecom JSC, developed in accordance with the Risk Register, includes 24 risks that take into account the probability of occurrence and the magnitude of impact. The development of the risk map allows the Company to:

- Identify key risks and develop action plans for their effective management;
- Prioritize risks and allocate financial resources optimally.

Environmental/Climate Risk Factors

The Company's Risk Register includes an "Environmental/Climate Risk," which comprises the following factors:

- Low fuel quality, malfunctioning vehicles and boiler equipment;
- Non-compliance with environmental protection legislation and sanitary regulations, as well as limited employee awareness;
- Breaches in waste and wastewater management requirements;
- Lack of a dedicated structural unit responsible for environmental issues;
- Accumulation of mercury-containing lamps, vehicle tyres and other materials that are not being disposed of;
- Insufficient funding for proper disposal;
- Absence of employee training on environmental matters.

Identified risks in the Register are categorized as follows:

- Financial risks – related to capital structure, market volatility, liquidity, credit risks, and fluctuations in foreign exchange and interest rates;
- Legal risks – losses due to non-compliance with the laws of the Republic of Kazakhstan or other countries;
- Operational risks – losses caused by errors in internal processes, employee actions, information systems, occupational safety, or external factors;
- Strategic risks – losses arising from strategic missteps, changes in the political environment, sectoral downturns, new products, investments, or mergers and acquisitions.
  The corporate register includes 7 strategic risks, of which 5 are in the key risk zone:
  - Customer churn growth;
  - Decline in Kazakhtelecom Group's market share in the telecommunications sector;
  - Project-related risks;
  - Regulatory risk;
  - Risk of losing radio frequency spectrum (RFS).

Action plans have been developed for each of the key risks.

The continuous development and enhancement of the Company's Internal Control and Risk Management System (ICRMS) enables it to promptly adapt to changes in both external conditions and internal business processes, thereby improving operational efficiency and contributing to shareholder value growth. In accordance with the updated Rules for Risk Identification, Assessment and Monitoring at Kazakhtelecom JSC, threshold values and colour coding of the risk map were revised to more accurately reflect the actual risk profile.

In addition, in 2024 the Risk Management Department was placed under the supervision of the Managing Director for Financial Control and Risk, along with the Financial Control Department. As a result, the internal audit and inspection procedures will be updated to place greater emphasis on risk and internal controls.

KEY RISKS OF 2024

The Risk and Internal Control Management Department conducts regular monitoring of changes in key risks and oversees the implementation of measures aimed at their mitigation. The results of this monitoring are reflected in risk and internal control management reports, which are submitted quarterly for review by the Company's Board of Directors.

As part of a proactive approach, the Company implements measures to manage key risks in order to minimise their impact on the achievement of strategic objectives:

KEY RISKS AND MITIGATION MEASURES:

Key risks	Measures taken by the Company to mitigate these risks
Physical Asset Security	› Ensuring security and technical protection systems for Company facilities; › Implementation of the 2024 Fire Safety Business Plan.
Decline in Kazakhtelecom Group's Market Share in the Telecommunications Sector	› Expansion of the E-Kassa ecosystem – including the core cashier platform and mobile application; › Introduction of new services and products to the OFD personal account.
Risk of Loss of Radio Frequency Spectrum (RFS)	› Implementation of measures to preserve unused frequencies.
Deterioration in Financial Stability	› Increased EBITDA revenue targets; › Optimised EBITDA expenditure plans.
Legal Risk	› Formalisation of property rights for unregistered cable duct sections and land plots, and extension of property rights for assets with expired titles; › Development of a regulatory document database titled "Enforcement Proceedings."
Regulatory Risk	› Approval of a roadmap to ensure 100% coverage of fixed telephony with SORM (System for Operative Investigative Activities) tools; › Deployment of SORM functionality across data transmission networks in 10 cities; › Enabling SORM functionality for FWA (Fixed Wireless Access) service.
Fraud Risk	› Prevention and suppression of fraudulent practices among Company employees; › Inspections conducted across the Head Office and Company branches.

KEY RISKS AND MITIGATION MEASURES

Key risks	Measures taken by the Company to mitigate these risks
Quality Risk	› Implementation of the "SAPA+" project to enhance Wi-Fi internet connectivity for Kazakhtelecom clients; › Implementation of the "TAZARTU" project for transitioning copper infrastructure to fibre-optic networks.
Human Resources Risk	› Implementation of the Comprehensive Action Plan to Ensure Social Stability within the Kazakhtelecom Group; › Execution of the 2024 Occupational Health and Safety Action Plan.
Information Security Breach	› Implementation of the "Information Security Protection Modernisation" project; › Awareness-raising activities conducted for employees on information security rules and requirements.

EMERGING RISKS AND OPPORTUNITIES

To ensure preventive risk management measures, the following emerging risks have been identified. These risks are not yet reflected on the risk map, but may be included in the future.

Currently, there is a growing focus on cyber risks, which are considered among the most significant global risks for the financial sector and the economy as a whole. The information and communication technology (ICT) risks faced by enterprises are steadily increasing in both the frequency and severity of cyberattacks. Data breaches aimed at stealing personal information occur daily across the world, although only the largest incidents make media headlines.

Nevertheless, the use of artificial intelligence (AI) also offers a wide range of positive impacts:

Process automation and optimisation: AI enables the automation of routine tasks, accelerating workflows and increasing operational efficiency across various domains – from manufacturing to customer service.

Advancement of security technologies: AI enhances security systems by detecting anomalous behaviour and preventing cyberattacks and other data security threats.

EMERGING RISKS

Internal	External
› Disruption of procurement timelines › Risk of frequency spectrum loss › Regulatory risk › Decline in the Company's market share due to the sale of MTS	› Global geopolitical tensions › Scarcity of natural resources › Adverse impacts of artificial intelligence technologies › Technological threats and cybersecurity

DEVELOPMENT OF THE CRMS AND IC IN 2024

Continuous development and improvement of the CRMS and IC allows the Company to timely respond to changes in the external environment and internal business processes, improve the efficiency of its operations, and contribute to increasing shareholder value of the Company.

MAIN RESULTS OF CRMS AND IC DEVELOPMENT ACTIVITIES IN 2024

CRMS and IC development activities	Result
Development and improvement of the CRMS and IC methodology	› The Rules for the Identification, Assessment and Monitoring of Risks of Kazakhtelecom JSC were updated; › The Methodology for the Development, Implementation and Monitoring of the Key Risk Indicators System of Kazakhtelecom JSC was updated.
Development and implementation of an employee training programme	› To enhance employees' professional competencies, training seminars on risk management and internal controls were improved and conducted; › A video guide was developed on completing the Electronic Risk Database, including answers to frequently asked questions; › A training seminar on the corporate risk and internal control management system was held for risk coordinators of selected divisions of the Company.

MAIN RESULTS OF CRMS AND IC DEVELOPMENT ACTIVITIES IN 2024

CRMS and IC development activities	Result
Development of risk assessment apparatus using economic-mathematical models and expert opinions	› Quantitative risk assessment models were developed for selected risks; › The Methodology for Risk Assessment of Investment Projects was updated.
Improvement and maintenance of the Internal Control System	› The Guarantee Map of Kazakhtelecom JSC was updated; › Level 3 business process classifiers were developed in line with TMForum recommendations.

AREAS OF DEVELOPMENT OF THE CRMS AND IC

In the context of an unpredictable business environment where we face new challenges and high volatility, we recognise the need to continuously improve our risk management model and internal controls. We have clearly defined our objectives and direction based on fundamental concepts and standards. We are active to implement improvements and recognise where we are going and how to achieve our risk management and internal controls objectives.

Based on the following criteria:

- Corporate Governance and Culture;
- Strategy and goal setting;
- Operational Effectiveness;
- Monitoring and implementation of change;
- Information, communication and reporting;
- Control procedures.

INTERNAL AUDIT

The Internal Audit Service (hereinafter – IAS) is a body of the Company's Board of Directors that ensures the organisation and implementation of internal audit in the Company, directly subordinated and accountable to the Board of Directors and supervised by the Audit and Sustainable Development Committee.

The IAS operates in accordance with the Regulations on the Internal Audit Service and the Annual Audit Plans of Kazakhtelecom JSC.

In its activities, the Service is guided by the principles of independence, objectivity, competence, and professional attitude to work, as well as by quality standards and the standards of internal auditors' activities established by the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. In accordance with Standard 7.1 (Organisational Independence), the IAS complies with organisational independence.

As part of its core activities in 2024, in accordance with the Annual Audit Plan and the instructions of the Board of Directors, the Service carried out 15 audit events; the plan was fulfilled by 107%.

Based on the results of an independent external assessment of the IAS activities conducted by KPMG, it was confirmed that the IAS activities comply with the requirements of the International Standards for the Professional Practice of Internal Auditing in all material aspects. According to the assessment of compliance with the Standards' requirements, the IAS compliance rate made up 98%.

APPENDICES

6

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ABOUT THE REPORT

GENERAL INFORMATION

This Kazakhtelecom JSC's Integrated Annual Report 2023 (hereinafter – the Integrated Report, the Report) discloses information on financial, economic and operational performance, as well as data about the sustainable development achievements of the Company. The Report presents the Company's activities for the period 01 January 2024 – 31 December 2024. The document includes important facts that go beyond the reporting period but are directly related to it, as well as the Company's medium-term plans. The document is addressed to a wide range of stakeholders.

Kazakhtelecom JSC has been issuing annual public non-financial reports since 2017. This Integrated Annual Report 2024 was published in June 2025. All the Company's reports are available on the Company's official website.

GRI 2-4

Compared to the Integrated Annual Report for 2023, no material changes have been made to the structure or the approach to information disclosure. The format and content of the document have largely remained consistent, ensuring data comparability and continuity of disclosure. At the same time, certain wording has been clarified, and updated indicator values have been provided based on the actual data for 2024.

All financial indicators are presented in the national currency of the Republic of Kazakhstan – tenge – and are consistent with the audited consolidated financial statements (prepared in accordance with IFRS), the full version of which is available in the appendix to the Report and on the website of Kazakhtelecom JSC.

REPORT STRUCTURE

The Report describes the Company's activities on the following topics:

- implementation of the Kazakhtelecom JSC's Development Strategy and business model;
- corporate governance;
- material financial and economic plans and results for the main types of activities;
- risk management, including in sustainable development;
- supply chain management and supplier liaison;
- business ethics, human rights protection, equal opportunities, anti-corruption;
- management of sustainable development activities;
- stakeholder engagement;
- HR management, development, training and employee relations;
- ensuring safe and healthy working conditions;
- environmental protection, combating climate change and improving energy efficiency;
- support and development of local communities.

To disclose the most relevant topics in the Report, the Company has analysed the materiality of sustainability aspects for individual indicators and topics specified in the GRI 2021 standards, based on a review of the internal and external environments and on stakeholder engagement. For more details, please refer to the Materiality Analysis section of this Report.

The Company reviews annually the list of material topics to be disclosed in the Company's annual accounts and the Board of Directors approves it as part of the Company's Integrated Annual Report approval.

To designate Kazakhtelecom JSC and its subsidiaries, the Report uses the names: "Kazakhtelecom", "Company", "We".

STANDARDS AND REGULATORY REQUIREMENTS

The Report discloses basic data in accordance with the requirements of the laws of the Republic of Kazakhstan, the internal regulations and practices of the Company, and international corporate governance practices. When drawing up the Report, the Company considered the following documents:

- Law No. 415-II of the Republic of Kazakhstan dated 13 May 2003 On Joint Stock Companies;
- The rules for information disclosure by the issuer, Requirements for the content of information to be disclosed by the issuer, and the terms for information disclosure by the issuer on the Internet resource of the Depository of financial statements as approved by the Resolution No. 189 adopted by the Board of the National Bank of the Republic of Kazakhstan on 27 August 2018;
- Kazakhtelecom's Corporate Governance Code approved
- International integrated reporting standard (<IR> International Framework);
- International standard for sustainable development reporting, Global Reporting Initiative;
- Recommendations of the TCFD (The Task Force on Climate-related Financial Disclosures) under the Financial Stability Board (partial disclosure);
- Sustainability Accounting Standards Board (SASB) standards for telecommunications (SASB Telecommunication Services version 2018-10); (partial disclosure);
- AA1000SES Stakeholder Engagement Standard;
- Ten principles of UN Global Compact
- Sustainable Development Goals adopted by the UN General Assembly for the period till 2030
- ISO 26000:2010 Social Responsibility Guidance Standard;
- International Standard 3410 Assurance Engagements for Reporting Greenhouse Gas Emissions (ISAE 3410).

Since 2021, Kazakhtelecom JSC has included the information on its contribution to the achievement of the United Nations Sustainable Development Goals in the Report.

INFORMATION PERIMETER

GRI 2-3, GRI 2-2

The scope of the Report corresponds to the annual reporting cycle of the Company. The previous Report was published in June 2024. Electronic copies of the reports for the previous years are available on the official website of the Company.

In terms of financial indicators, the Report covers the Kazakhtelecom Group of companies. The reporting scopes of non-financial indicators include only Kazakhtelecom JSC.

Differences in the scopes of coverage of financial and non-financial indicators are explained by the fact that statistics on non-financial indicators of subsidiaries and affiliates are not kept.

PRINCIPLES FOR DEFINING REPORT QUALITY

When determining the content of the Report, Kazakhtelecom JSC adheres to the recommendations of the GRI Standards. The Annex to the Report contains the GRI table, which provides information on disclosure of GRI indicators.

The key principles of the GRI Standards ensure the quality of the Report:

Balance

The Report discloses both positive (implementation of plans, achievement of goals) and negative (e.g. fines, accidents) performance of the Company to show our results as objectively as possible.

Comparability

The Company presents information in the Report in dynamics over several years by quantitative indicators. This allows stakeholders to track changes in the Company's performance indicators over time and make a comparative analysis with other organisations.

Transparency

The information in the Report is presented in a form that is clear to stakeholders with the necessary understanding of the organisation and its activities.

Reliability

All data in the Report are collected and provided by the relevant divisions of the Company and verified for accuracy. Independent auditors of KPMG Tax & Advisory LLP verified a number of non-financial indicators. The text of the Report provides links to data sources.

Accuracy

Information on all material topics is detailed and allows stakeholders to evaluate the Company's performance. All data are officially recognised by Kazakhtelecom and confirmed by internal and public documents placed in the public domain (including on the Company's website).

Timeliness

The Report presents information for the 2023 calendar year and will be published in 2024.

Sustainability context

The Report provides information on the Company's contribution from an economic, environmental and social perspective and discloses the extent of the Company's contribution to the achievement of 17 Sustainable Development Goals in 2023.

Completeness

The Report provides sufficient information to assess the impact of Kazakhtelecom JSC in the reporting period.

AUDIT AND INDEPENDENT ASSURANCE

GRI 2-5

The external audit of the Company's financial statements was conducted by Ernst & Young Kazakhstan LLP. The cost of audit services in 2024 amounted to KZT 155,500,000. The auditor's report is provided in the Appendix to this Report.

The proper presentation of non-financial information prepared in accordance with the GRI Standards, as published by the Global Reporting Initiative, was verified in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and the International Standard on Assurance Engagements ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements," issued by the International Auditing and Assurance Standards Board (IAASB). The independent assurance provider was PricewaterhouseCoopers LLP. The total cost of non-audit assurance services related to the non-financial indicators presented in this 2024 Report of Kazakhtelecom JSC amounted to KZT 21,285,000 (excluding VAT).

FORWARD-LOOKING STATEMENTS

This Report contains information on Kazakhtelecom JSC's plans and intentions for the medium and long term, which are or are considered to be forward-looking statements. The plans and intentions stated in the Report are forward-looking, associated with risk and uncertainty, as they relate to future events and circumstances. Forward-looking statements are not guarantees of the Company's future performance, as they are outside the Company's sphere of influence. The Company's actual results of operations, financial condition and liquidity, the development of the Republic of Kazakhstan and the industries in which the Company operates may differ materially from the projections described in this Report. For this reason, actual performance in future years may differ from the forward-looking statements published in this Report.

CONTACT INFORMATION

GRI 2-1

KAZAKHTELECOM JSC

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On cases of theft, fraud and corruption:
8 (800) 080 19 94
sk.hotline@deloitte.kz
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Direct line for collecting complaints and statements on procurement issues: +7 (727) 226 82 61

Investor Relations:
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Media Relations:
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Technical support of the procurement portal:
+7 (7172) 55 22 66 support2@skc.kz

FEEDBACK

GRI 2-3

If you would like to propose new ideas and opportunities for sustainability partnerships or in relation to the Report, please contact us:

Corporate Governance Service:

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REGISTRAR OF THE LISTED COMPANY

Central Securities Depository
28, Samal-1, Almaty, Republic of Kazakhstan.
Phone: +7 (727) 262 08 46, 355 47 60.

TABLE OF GRI INDEX

Statement of use	Kazakhtelecom JSC has prepared the report in accordance with GRI Standards for the period from January 1, 2024 to December 31, 2024.
GRI 1 used standard	GRI 1: Foundation 2021.
Applicable GRI Sector Standard	Not Applicable.

GRI Standard	Disclosure Number and Title	Omission/Comment
	2-1 Organizational details	
	2-2 Entities included in the organization's sustainability reporting	
	2-3 Reporting period, frequency and contact point	
	2-4 Restatements of information	
	2-5 External assurance	
	2-6 Activities, value chain and other business relationships	
	2-7 Employees	
	2-8 Workers who are not employees	
	2-9 Governance structure and composition	
	2-10 Nomination and selection of the highest governance body	
	2-11 Chair of the highest governance body	
	2-12 Role of the highest governance body in overseeing the management of impacts	
	2-13 Delegation of responsibility for managing impacts	
	2-14 Role of the highest governance body in sustainability reporting	
	2-15 Conflicts of interest	
	2-16 Communication of critical concerns	
	2-17 Collective knowledge of the highest governance body	
	2-18 Evaluation of the performance of the highest governance body	
	2-19 Remuneration policies	
	2-20 Process to determine remuneration	
	2-21 Annual total compensation ratio	The Company does not disclose this indicator, as the information is considered confidential.
	2-22 Statement on sustainable development strategy	
	2-23 Policy commitments	
	2-24 Embedding policy commitments	

GRI Standard	Disclosure Number and Title	Omission/Comment
	2-25 Processes to remediate negative impacts	
	2-26 Mechanisms for seeking advice and raising concerns	
	2-27 Compliance with laws and regulations	
	2-28 Membership associations	
	2-29 Approach to stakeholder engagement	
	2-30 Collective bargaining agreements	
GRI 3: Material Topics		
GRI 3 Material Topics	3-1 Process to determine material topics	
	3-2 List of material topics	
Biodiversity		
	3-3 Management of material topics	
Climate change		
GRI 3 Material Topics 2021	3-3 Management of material topics	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-4 GHG emissions intensity	
	305-6 Emissions of ozone-depleting substances (ODS)	
Atmosphere emissions		
GRI 3 Material Topics	3-3 Management of material topics	
GRI 305: Emissions	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	
Energy		
GRI 3 Material Topics 2021	3-3 Management of material topics	
GRI 302: Energy efficiency	302-1 Energy consumption within the organization	
	302-3 Energy intensity	
Waste		
GRI 3 Material Topics 2021	3-3 Management of material topics	
GRI 306: Waste	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	
	306-5 Waste diverted from disposal	

GRI Standard	Disclosure Number and Title	Omission/Comment
Water and Effluents		
GRI 3 Material Topics 2021	3-3 Management of material topics	
GRI 303: Water and Effluents	303-3 Water withdrawal	
	303-4 Water discharge	
	303-5 Water consumption	
Employment		
GRI 401: Employment	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
Occupational Health and Safety		
GRI 3 Material Topics	3-3 Management of material topics	
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	
Local Communities		
GRI 3 Material Topics 2021	3-3 Management of material topics	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	

GRI Standard	Disclosure Number and Title	Omission/Comment
Training and Education		
GRI 3 Material Topics 2021	3-3 Management of material topics	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
Diversity and Equal Opportunity		
GRI 3 Material Topics 2021	3-3 Management of material topics	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	
	405-2 Ratio of basic salary and remuneration of women to men	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	
Labor Compensation and Social Programs for Employees		
GRI 3: Material Topics 2021	3-3 Management of Material Topics	
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	
Quality and Accessible Services		
GRI 3 Material Topics 2021	3-3 Management of material topics	
Innovations and New Technologies		
GRI 3 Material Topics 2021	3-3 Management of material topics	
Anti-corruption		
GRI 3 Material Topics 2021	3-3 Management of material topics	
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	
	205-2 Communication and training about anti-corruption policies and procedures	
	205-3 Confirmed incidents of corruption and actions taken	
Indirect Economic Impacts		
GRI 3 Material Topics 2021	3-3 Management of material topics	
Indirect Economic Impacts	203-1 Infrastructure investments and services supported	
Economic Performance		
GRI 3 Material Topics 2021	3-3 Management of material topics	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	
Procurement Practices		
GRI 3 Material Topics 2021	3-3 Management of material topics	
Procurement Practices	204-1 Proportion of spending on local suppliers	
Anti-competitive Behaviour		
GRI 3 Material Topics 2021	3-3 Management of material topics	
	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	
Information Security and Data Protection		
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	

TCFD DISCLOSURE INDICATORS

Indicator	Report Sections	Company Comments
Governance		
a. Describe the board's oversight of climate-related risks and opportunities.	4.1 Sustainability Report. Sustainability Management. 4.1.1 Sustainability Governance Structure. 4.2 Sustainability Report. Environmental Aspect. 4.2.3 Climate Change Mitigation.	
b. Describe management's role in assessing and managing climate-related risks and opportunities.	4.1 Sustainability Report. Sustainability Management. 4.1.1 Sustainability Governance Structure.	
Metrics and Targets		
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4.2 Sustainability Report. Environmental Aspect. 4.2.3 Climate Change Mitigation.	
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	4.2 Sustainability Report. Environmental Aspect. 4.2.3 Climate Change Mitigation.	
c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	4.2 Sustainability Report. Environmental Aspect. 4.2.3 Climate Change Mitigation.	
Strategy		
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	4.2 Sustainability Report. Environmental Aspect. 4.2.3 Climate Change Mitigation.	
Risk Management		
a. Describe the organization's processes for identifying and assessing climate-related risks.	4.2 Sustainability Report. Environmental Aspect. 4.2.3 Climate Change Mitigation.	
b. Describe the organization's processes for managing climate-related risks.	4.2 Sustainability Report. Environmental Aspect. 4.2.3 Climate Change Mitigation.	
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	4.2 Sustainability Report. Environmental Aspect. 4.2.3 Climate Change Mitigation.	

SASB DISCLOSURE INDICATORS

Indicator	Description	Report Section	Company Comments
Environmental Footprint of Operations			
TC-TL-130a.1	(1) Total energy consumed; (2) percentage grid electricity; (3) percentage renewable energy	4.2 Sustainability Report. Environmental Aspect. 4.2.2 Energy Efficiency	Share of renewable energy – 0%
Customer Privacy			
TC-TL-220a.1	Description of policies and practices relating to behavioural advertising and customer privacy	4.4 Sustainability Report. Governance Aspect. 4.4.6 Information Security	Indicator partially disclosed
TC-TL-220a.3	Total amount of monetary losses as a result of legal proceedings associated with customer privacy breaches	–	No legal proceedings on this matter were recorded during the reporting period.
Data Security			
TC-TL-230a.1	(1) Number of data breaches; (2) percentage involving personally identifiable information (PII); (3) number of customers affected	4.4 Sustainability Report. Governance Aspect. 4.4.6 Information Security	No data breaches involving customers were identified during the reporting period.
TC-TL-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	4.4 Sustainability Report. Governance Aspect. 4.4.6 Information Security Section 5. Corporate Governance Report. 5.9 Risk Management and Internal Controls	Indicator partially disclosed
Product End-of-Life Management			
TC-TL-440a.1	(1) Materials recovered through take-back programs, and percentage (2) reused, (3) recycled, (4) sent to landfill	4.2 Sustainability Report. Environmental Aspect. 4.2.1 Environmental Protection 4.2.1.4 Waste Management	Indicator partially disclosed.
Competitive Behavior and Open Internet			
TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations	4.4 Sustainability Report. Governance Aspect. 4.4.4 Markets and Competition	No violations of antitrust legislation were recorded during the reporting period.
TC-TL-520a.2	Average actual sustained download speed for (1) owned and affiliated content; and (2) unaffiliated content	Minimum, average, and maximum download speeds are disclosed in the Company's product technical specifications.	

INDEPENDENT ASSURANCE REPORT

Independent practitioner's limited assurance report on JSC "Kazakhtelecom" 's Sustainability information

To the Board of Directors of JSC "Kazakhtelecom"

Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability information of JSC "Kazakhtelecom" (hereinafter the "Company") that is presented in the Table of GRI Index and the SASB Disclosure Indicators in Section 6 "Appendices" of the Integrated Annual report (hereinafter the "Annual report") as at December 31, 2024, and for the year then ended (hereinafter the "Sustainability Information").

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability information is not prepared, in all material respects, in accordance with GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) (hereinafter – the "GRI Standards"), SASB Sustainability Reporting Standards maintained by the International Sustainability Standards Boards (ISSB) (hereinafter – the "SASB Standards") and methodology and guidelines developed by the Company and disclosed in the Annual report (together hereinafter – the "Reporting Criteria").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner's responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers Tax & Advisory LLP
34 Al-Farabi Ave, Building A, 4th Floor, Almaty, 050059, Republic of Kazakhstan
+7 (727) 330 32 00, www.pwc.kz

Responsibilities for the Sustainability information

Management of the Company is responsible for:

- The preparation of the Sustainability information in accordance with the Reporting Criteria in the Annual report;
- Designing, implementing and maintaining such internal control as Management determines is necessary to enable the preparation of the Sustainability information, in accordance with the Reporting Criteria, that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Board of Directors are responsible for overseeing the Company's sustainability reporting process.

Inherent limitations in preparing the Sustainability information

Under the GRI Standards and SASB Standards there is a range of different, but acceptable, measurement and reporting techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Sustainability information should therefore be read in conjunction of with the methodology used by management as described in the Annual report, and for which the Company is solely responsible.

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability information.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Determine the suitability in the circumstances of the Company's use of the Reporting Criteria as the basis for the preparation of the Sustainability information.
- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Company's internal control.
- Design and perform procedures responsive to where material misstatements are likely to arise in the Sustainability information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability information. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of where material misstatements are likely to arise in the Sustainability information, whether due to fraud or error.

In conducting our limited assurance engagement, we:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Sustainability information;
- Evaluated whether all information identified by the process to identify the information reported in the Sustainability information is included in the Annual report;
- Performed inquires of relevant personnel on Sustainability information in the Annual report;
- Conducted limited substantive testing on a sample basis on a Sustainability information to verify that the data have been properly calculated, recorded, compared and disclosed.

Restriction on distribution and use

Our report has been prepared solely for the Board of Directors of the Company in accordance with the agreement between us, to assist the Management of the Company in reporting on the Company's sustainability performance and activities and in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Sustainability information. The Sustainability information therefore may not be suitable, and is not to be used, for any other purpose.

We permit this report to be disclosed in the Annual report, which will be published on the Company's website.

The maintenance and integrity of the Company's website is the responsibility of Management. The work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Sustainability information when presented on the Company's website.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report except where the respective terms are expressly agreed in writing and our prior consent in writing is obtained.

PricewaterhouseCoopers Tax & Advisory LLP

30 June 2025
Almaty, Kazakhstan

DECLARATION ON THE INDEPENDENCE OF THE BOARD OF DIRECTORS

BALANCE OF SKILLS, EXPERIENCE, AND KNOWLEDGE:

The Board of Directors and its committees must maintain a balance of skills, experience, and knowledge to ensure independent, objective, and effective decision-making in the interests of the organization, while upholding fair treatment of all shareholders and the principles of sustainable development.

DIVERSITY OF THE BOARD OF DIRECTORS:

The composition of the Board of Directors must reflect diversity in the following areas:

- Experience;
- Personal characteristics;
- National, ethnic, and cultural background;
- Gender composition.

INDEPENDENT DIRECTORS:

The Board of Directors must include a sufficient number of independent directors to ensure the independence of decisions and fair treatment of all shareholders. The recommended proportion of independent directors is up to fifty percent of the total number of members of the Board of Directors.

REQUIREMENTS FOR INDEPENDENT DIRECTORS:

The requirements for independent directors are defined in accordance with the legislation of the Republic of Kazakhstan and the Charter of Kazakhtelecom JSC (hereinafter – the Company).

CIRCUMSTANCES AFFECTING DIRECTOR INDEPENDENCE:

A director cannot have been an employee of the Company or its subsidiaries/affiliates within the last three years. A director or a member of their immediate family must not have received any compensation from the Company or its subsidiaries/affiliates during the current fiscal year, except for remuneration for serving on the Board of Directors. Immediate family members of a director must not hold executive positions in the Company or its subsidiaries/affiliates. A director must not act as a consultant to, or representative of, any entity providing consulting services to the Company and/or its management. A director must not be affiliated with major customers or suppliers of the Company. A director must not be affiliated with non-profit organizations receiving significant donations from the Company. A director must not have served as the Company's auditor during the three years preceding their appointment to the Board of Directors.

DUTIES OF AN INDEPENDENT DIRECTOR:

An independent director must monitor any potential loss of independent status and provide early written notice to the Chair of the Board of Directors in the event of such situations. If circumstances arise that affect the independence of a member of the Board of Directors, the Chair of the Board must promptly notify the shareholders to allow for an appropriate decision to be made.

INFORMATION ON INTERESTED PARTY TRANSACTIONS

In 2024, the Management Board of Kazakhtelecom JSC approved and adopted three resolutions concerning transactions in which the Company has an interest, including:

1. Management Board Resolution No. 21/62 dated 10.06.24 "On entering into an interested party transaction – Additional Agreement No. 15 to the Joint Activity Agreement dated 14.12.2012 No. 743/12-DO/1171-03-DSD".

Pursuant to the Management Board's resolution, Additional Agreement No. 15 dated 28.08.2024 to the Joint Activity Agreement was concluded with Mobile Telecom-Service LLP.

2. Management Board Resolution No. 34/112 dated 23.09.24 "On entering into an interested party transaction with Samruk-Kazyna JSC".

Pursuant to the Management Board's resolution, a Software Usage Rights Exchange Agreement dated 30.09.2024 No. 1969-I / 228-05-22-SOP was concluded between Samruk-Kazyna JSC and Kazakhtelecom JSC.

3. Management Board Resolution No. 12/37 dated 15.04.24 "On entering into a transaction with National Information Technologies JSC".

Pursuant to the Management Board's resolution, a service procurement agreement for the lease of communication channels dated 16 August 2024 No. 000740000728EEP2408004/00 was concluded with National Information Technologies JSC.

REPORT ON COMPLIANCE WITH THE PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE OF KAZAKHTELECOM JSC FOR 2024

This Report has been prepared in accordance with paragraph 15, chapter 5 of the Corporate Governance Code of Kazakhtelecom JSC "Effectiveness of the Board of Directors and the Executive Body".

The activities of Kazakhtelecom JSC and its corporate practices demonstrate full compliance with the principles and provisions of the Corporate Governance Code.

CORPORATE GOVERNANCE PRINCIPLES OF THE JOINT-STOCK COMPANY "SOVEREIGN WEALTH FUND SAMRUK-KAZYNA"

CHAPTER 1. GOVERNMENT AS A SHAREHOLDER OF THE FUND

Although this chapter is titled as such, it contains provisions that the Company is expected to follow in its operations. In particular, it is stated that the main strategic objective of the Fund's organizations is the growth of long-term value and sustainable development. All decisions and actions must be aligned with the development strategy.

The Company's governing bodies are fully independent and autonomous in making decisions and performing actions within their competence. Relations between shareholders and the Company are managed through the Board of Directors in accordance with the principles of sound corporate governance.

Disclosure of information on the Company's activities is carried out in accordance with the Law "On Joint-Stock Companies" and the Company's Charter via placement of required information in the mass media (including the financial reporting depository and stock exchange websites). Upon request, certain information is also provided to shareholders directly.

The Company has an Internal Audit Service, a Compliance Service, and the roles of Corporate Secretary and Ombudsperson, all of which operate in accordance with applicable legislation and the internal regulations of the Company. These functions are elaborated in detail below in this Report.

CHAPTER 2. INTERACTION BETWEEN THE FUND AND ORGANIZATIONS. ROLE OF THE FUND AS A NATIONAL MANAGING HOLDING

The corporate governance system is a set of processes that ensure the management and oversight of the Company's activities, as well as the relationships between the Management Board, Board of Directors, shareholders, and stakeholders. These matters are clearly regulated in the Charter, and the provisions on the General Meeting of Shareholders, Board of Directors, Management Board, and other internal documents.

Samruk-Kazyna JSC (hereinafter – the Fund) participates in company management through its role as a major shareholder and through the Board of Directors.

The Board of Directors of the Company is fully autonomous in making decisions within its competence. The Fund's position on certain issues is communicated through its representatives on the Board of Directors.

The Company is managed by its governing bodies in accordance with the law and its Charter.

CHAPTER 3. SUSTAINABLE DEVELOPMENT

The Corporate Governance and Sustainable Development Department coordinates sustainability activities. Improving the sustainable development management system is an integral part of Kazakhtelecom JSC's Strategy through 2032.

In 2024, the Company developed and approved an ESG Strategy (Minutes No. 15 dated 19.09.2024), which is part of the broader JRun business strategy and considers the Company's role in implementing government programs in the areas of IT, education, infrastructure, and low-carbon development. It contributes to the effective achievement of financial stability and competitiveness.

Under the ESG Strategy, the Company plans to enhance its corporate climate risk management system. In 2024, the Company identified climate-related risks and opportunities in accordance with the TCFD Recommendations and developed a methodological approach for their identification; conducted climate scenario analysis in line with TCFD recommendations; and developed an adaptation plan to address identified physical climate risks.

Kazakhtelecom JSC places great emphasis on ESG development. In February 2023, the Board of Directors approved the ESG Practices Development Roadmap of Kazakhtelecom JSC, comprising 108 actions in the areas of environment, social balance, and corporate governance. In 2024, the Company implemented the following measures under this Roadmap:

- disclosure of climate-related information;
- obtained an independent ESG rating from S&P Global;
- assessed the current level of biodiversity in its operational areas.

In 2024, the Company continued implementing measures to reduce greenhouse gas emissions in line with its Low-Carbon Development Program for 2022–2032, approved by the Board of Directors.

CHAPTER 4. SHAREHOLDER RIGHTS AND FAIR TREATMENT

The protection of shareholder rights is a key commitment of the Company. Kazakhtelecom JSC strictly adheres to the shareholder rights stipulated in legislation and internal regulations and ensures fair treatment of shareholders. Shareholders are promptly informed about relevant events such as general meetings, decisions taken, and other matters. The Company also promptly provides requested information to shareholders.

CHAPTER 5. EFFECTIVENESS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BODY

The Board of Directors, accountable to the General Meeting of Shareholders, provides strategic leadership and oversight of the Management Board's activities.

The Management Board, accountable to the Board of Directors, manages the day-to-day operations and ensures alignment with the strategy, development plan, and decisions made by the Board and the General Meeting of Shareholders.

The powers of the Board of Directors and the Management Board are clearly defined and delineated.

The Board of Directors and its committees maintain a balance of skills, experience, and knowledge to ensure independent, objective, and effective decision-making in the Company's interests, fair shareholder treatment, and sustainable development.

The Board includes experts from various fields (telecommunications, finance, marketing, technology, etc.) with broad, including international, experience. The number of independent directors complies with and exceeds the legal requirement (at least 30%).

The election of the Board of Directors is conducted strictly in accordance with the procedures set by legislation and the Company's Charter. The election procedure, term of office, and the Board's activities are governed by internal regulations. An induction program is in place for newly elected Board members.

The Chairperson of the Board of Directors is responsible for overall leadership, ensuring the effective functioning of the Board, and facilitating constructive dialogue among Board members, major shareholders, and the Management Board.

The roles and responsibilities of the Chairperson and CEO are clearly separated and stipulated in the Charter and internal regulations.

The Board committees contribute to in-depth and thorough consideration of issues within the Board's competence and improve decision quality, particularly in the areas of audit, risk management, strategy, HR, and social matters. In 2024, three committees operated actively and effectively: the Audit and Sustainable Development Committee, the HR, Remuneration and Social Matters Committee, and the Strategic Planning Committee. Their roles are clearly defined in the regulations, they review a broad range of issues, and provide recommendations to the Board. The outcomes of their work are regularly reviewed and positively assessed by the Board.

The preparation and conduct of Board meetings are aimed at maximizing effectiveness. Board members are provided with complete, timely, and up-to-date information for fulfilling their duties.

The Board holds regular meetings to effectively perform its functions. Meetings are held in accordance with the work plan approved at the beginning of the calendar year. Meetings are held in-person or via absentee voting, with the number of absentee meetings kept to a minimum. Important and strategic matters are considered and decided only at in-person meetings.

Board and committee meetings are duly recorded by the Corporate Secretary, including discussion outcomes and adopted decisions.

To ensure effective organization and interaction between the Board, Management Board, and shareholders, the Board has appointed a Corporate Secretary who performs their duties in accordance with legislation, the Charter, and internal regulations.

The Management Board, as the collective executive body, is accountable to the Board and manages the daily operations of the Company, being responsible for implementing the strategy, development plan, and decisions adopted by the Board and the General Meeting of Shareholders.

The Board elects the CEO and Management Board members, determines their terms, salaries, and compensation. The recommendation to appoint the executive body for up to three years is observed.

KPIs for the CEO and executive team are approved annually by the Board.

In case of corporate conflicts, the parties seek resolution through negotiation to ensure the effective protection of the organization's and stakeholders' interests. No corporate conflicts occurred in 2024, as in previous years.

To ensure adherence to business ethics and effective resolution of socio-labour disputes, the Company has appointed an Ombudsperson. The Ombudsperson advises employees and dispute participants, helps develop mutually acceptable, constructive, and actionable solutions in line with Kazakh legislation (including confidentiality when needed), and supports resolution of social and labour issues while promoting ethical conduct.

The Compliance Service operates actively and effectively to ensure adherence to regulatory requirements and best international practices in anti-corruption and internal corporate culture. It supports transparency, integrity, and ethical conduct among employees, and fosters conditions for doing business in accordance with global standards, internal policies, and Kazakh law.

CHAPTER 6. RISK MANAGEMENT, INTERNAL CONTROL, AND AUDIT

The Company has an established risk management and internal control system. The Board of Directors plays an active role in risk management.

Quarterly reports on risk management and internal controls are reviewed by the Audit and Sustainable Development Committee and the Board of Directors. Where necessary, adjustments are made to activities and processes in this area.

The Internal Audit Service operates effectively and reports directly to the Board of Directors. The Internal Audit Service's reports are also reviewed quarterly by the Audit and Sustainable Development Committee and the Board of Directors, who promptly respond to any violations identified by the Internal Audit Service and take the necessary decisions.

CHAPTER 7. TRANSPARENCY

In order to protect the interests of stakeholders, the Company ensures timely and accurate disclosure of information on all material aspects of its operations, including financial condition, performance results, ownership structure, and governance.

Relevant information is published through various platforms, including the websites of the financial reporting depository and the stock exchange.

The Company conducts an annual audit of its financial statements through the engagement of an independent and qualified auditor. The audited annual financial statements are approved each year by the General Meeting of Shareholders.

The Company also annually approves an integrated Annual Report, which discloses all aspects of the Company's activities for the reporting year, including financial results, corporate governance, sustainability activities, and other relevant information.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024 WITH THE INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report

To the Shareholders, Board of Directors and Management of "Kazakhtelecom" JSC

Opinion

We have audited the consolidated financial statements of Kazakhtelecom JSC and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key audit matter	*How our audit addressed the key audit matter*
Revenue recognition from the provision of telecommunications services	
The Group's revenue from telecommunication services is generated in a significant number of low-value transactions, sourced from multiple systems, including the billing system. The processing and recording of revenue is highly automated and is based on established tariff plans. We identified this matter as a key audit matter due to the complexity of information systems involved in the revenue recognition process and the risks associated with incorrect recognition and measurement of revenue, arising from the diversity and constant evolution of tariff plans, marketing offers and discounts provided to customers. The auditing of revenue required an increased extent of audit effort, including the involvement of professionals with expertise in information technology ("IT") to identify relevant systems, and evaluate and test automated controls. The Group's disclosure of information in respect of the accounting policies on revenue recognition is included in *Note 3* to the consolidated financial statements, and disclosures by types of revenue are included in *Note 32* to the consolidated financial statements.	We assessed the design and tested the operating effectiveness of IT general controls supporting the operation of the billing system and other IT systems. We tested IT application controls over the capturing and recording of data, and IT application controls over the calculation of amounts to be billed to customers and recording of amounts collected from customers. We tested controls related to transfer of data among relevant IT systems related to the recording and recognition of revenue. We examined the authorising of changes in tariffs implemented in the billing system. We analyzed correlation among journal entries to revenue, trade receivables and cash. We performed analytical procedures, including monthly fluctuations analysis and analysis of changes in the number of subscribers and tariffs impacting revenue, and compared trends in financial data with trends in non-financial data. We analysed the key judgements used by management in the accounting for revenue. We evaluated the Group's accounting policy for revenue recognition. We analysed the disclosures in the consolidated financial statements related to revenue recognition.
Impairment of non-current assets, including goodwill	
Property and equipment, intangible assets and goodwill bear risk of impairment in light of fast technological changes in the telecommunication industry. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amounts.	We analysed management's assessment of the existence of impairment indicators. We involved our valuation specialists in the testing of management's impairment analysis and calculation of recoverable amounts. We compared the discount rate and long-term growth rates to general market indicators and other available evidence and checked the calculation of the discount rate.

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Impairment of non-current assets was one of the matters of most significance in our audit, because impairment testing of cash-generating units (CGUs) when impairment indicators are present or when annual impairment testing of the asset is required, is complex, based on highly judgmental assumptions,

Information on impairment test performed is disclosed in *Notes 4 and 11* to the consolidated financial statements.

We tested the mathematical accuracy of the impairment model and assessed the analysis of the sensitivity of the results of impairment test to changes in assumptions.

We analysed disclosures on impairment test in the consolidated financial statements.

Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the Audit Committee of the Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors is responsible for overseeing the Group's financial reporting process.

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.

Ernst & Young LLP

Adil Syzdykov
Auditor

Auditor Qualification Certificate
No. МФ - 0000172 dated 23 December 2013

Olga Khegay
Acting General Director
Ernst & Young LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of finance of the Republic of Kazakhstan on 15 July 2005

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

20 March 2025

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

In thousands of tenge	Note	As at 31 December 2024	As at 31 December 2023
Assets			
Non-current assets			
Property and equipment	8	**554,710,478**	662,836,825
Investment properties		**–**	105,995
Intangible assets	9	**173,635,531**	341,989,215
Goodwill	11	**56,196,278**	152,402,245
Investment in a joint venture	10	**188,659**	–
Right-of-use assets	23	**49,372,750**	86,297,307
Advances paid for non-current assets	8	**1,288,341**	2,268,635
Cost to obtain contracts		**2,734,805**	2,700,469
Cost to fulfil contracts		**2,341,077**	45,276
Other non-current non-financial assets	13	**11,742,064**	10,803,207
Other non-current financial assets	12	**8,974,898**	5,757,350
Equity instruments at fair value through profit or loss	42	**8,505,177**	–
Deferred tax assets	40	**163,330**	369,451
Total non-current assets		**869,853,388**	1,265,575,975
Current assets			
Inventories	14	**14,443,043**	16,377,249
Trade receivables	15	**42,539,089**	50,755,814
Advances paid	16	**3,840,059**	9,695,088
Corporate income tax prepaid	40	**76,099,794**	4,848,165
Cost to fulfil contracts		**487,932**	556,811
Other current non-financial assets	19	**8,252,368**	13,155,629
Other current financial assets	17	**4,748,972**	5,280,059
Financial assets carried at amortised cost	18	**21,331,156**	45,770,813
Cash and cash equivalents	20	**24,479,950**	70,984,738
		196,222,363	217,424,366
Assets held for sale	41	**577,345,426**	–
Total current assets		**773,567,789**	217,424,366
Total assets		**1,643,421,177**	1,483,000,341

The accompanying accounting policies and explanatory notes on pages 8 to 84 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of tenge	Note	As at 31 December 2024	As at 31 December 2023
Equity and liabilities			
Share capital	21	**12,136,529**	12,136,529
Treasury shares	21	**(7,065,614)**	(7,065,614)
Foreign currency translation reserve		**(9,266)**	23,441
Other capital reserves	21	**1,820,479**	1,820,479
Retained earnings		**751,128,422**	702,957,922
		758,010,550	709,872,757
Non-controlling interests	6	**96,835,822**	93,789,580
Total equity		**854,846,372**	803,662,337
Non-current liabilities			
Borrowings	22	**143,237,165**	210,801,920
Lease liabilities	23	**47,051,485**	79,673,946
Employee benefit obligations	24	**15,228,294**	13,835,162
Debt component of preferred shares	21	**814,868**	814,868
Contract liabilities	25	**9,205,440**	7,088,642
Government grants	31	**27,199,654**	31,762,239
Asset retirement obligation	26	**5,013,452**	13,580,106
Deferred tax liabilities	40	**64,433,388**	25,734,663
Other non-current financial liabilities		**3,753,777**	7,339,002
Total non-current liabilities		**315,937,523**	390,630,548
Current liabilities			
Borrowings	22	**152,981,863**	80,589,678
Lease liabilities	23	**5,619,512**	11,844,932
Employee benefit obligations	24	**1,273,902**	1,271,934
Trade payables	27	**82,949,540**	106,813,027
Corporate income tax payable		**22,803**	–
Contract liabilities	29	**17,412,585**	32,614,490
Government grants	31	**7,596,319**	8,414,199
Other current non-financial liabilities	30	**8,690,603**	14,293,328
Other current financial liabilities	28	**28,603,255**	32,865,868
		305,150,382	288,707,456
Liabilities directly associated with assets held for sale	41	**167,486,900**	–
Total current liabilities		**472,637,282**	288,707,456
Total liabilities		**788,574,805**	679,338,004
Total equity and liabilities		**1,643,421,177**	1,483,000,341

First Deputy Chairman of the Management Board — *A. A. Nurkatov*

Chief Treasurer — *M. S. Bigaliyev*

Chief Accountant — *M. M. Urazimanova*

The accompanying accounting policies and explanatory notes on pages 8 to 84 are an integral part of the consolidated financial statements.

Kazakhtelecom JSC | Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

In thousands of tenge	Note	2024	2023 (restated)*
Continuing operations			
Revenue from contracts with customers	32	**481,548,833**	457,752,533
Compensation for provision of universal services in rural areas	33	**5,025,725**	8,853,903
Income from government grants	31	**8,062,944**	6,054,918
		494,637,502	472,661,354
Cost of sales	34	**(384,914,208)**	(351,435,980)
Gross profit		**109,723,294**	121,225,374
General and administrative expenses	35	**(42,171,524)**	(36,670,263)
Impairment loss on financial assets	45	**(3,309,166)**	(10,221,476)
Non-financial assets impairment (loss)/gain on reversal	45	**(1,424,347)**	55,127
Selling expenses	36	**(9,052,536)**	(10,074,187)
Loss on disposal of property and equipment, net		**(920,897)**	(1,002,770)
Other operating income	39	**4,829,218**	6,795,442
Other operating expenses	39	**2,364,284**	(2,365,060)
Operating profit		**60,038,326**	67,742,187
Share in profits of a joint venture		**(236,259)**	–
Gain on revaluation of equity instruments at fair value through profit or loss	42	**2,260,279**	–
Finance costs	38	**(39,709,604)**	(28,381,196)
Finance income	38	**7,226,012**	13,077,295
Net foreign exchange gain/(loss)		**2,633,067**	(3,587,875)
Profit before tax from continuing operations		**32,211,821**	48,850,411
Income tax expenses	40	**(8,070,868)**	(12,201,191)
Profit for the year from continuing operations		**24,140,953**	36,649,220
Discontinued operations			
Profit after tax for the year from discontinued operations	41	**53,090,340**	67,753,989
Profit for the year		**77,231,293**	104,403,209

Kazakhtelecom JSC | Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

In thousands of tenge	Note	2024	2023 (restated)*
Other comprehensive loss			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax)			
Foreign exchange differences from translation of financial statements of foreign subsidiaries		**(32,707)**	(2,742)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(32,707)**	(2,742)
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods (net of tax)			
Actuarial (loss)/income on defined benefits plans	24	**(2,487,553)**	2,280,970
Tax effect	40	**(543,951)**	(279,987)
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		**(3,031,504)**	2,000,983
Other comprehensive (loss)/income for the year, net of income tax		**(3,064,211)**	1,998,241
Other comprehensive income for the year, net of income tax		**74,167,082**	106,401,450
Profit attributable to:			
Equity holders of the Parent		**74,185,051**	93,067,044
Non-controlling interests	6	**3,046,242**	11,336,165
		77,231,293	104,403,209
Total comprehensive income attributable to:			
Equity holders of the Parent		**71,120,840**	95,065,285
Non-controlling interests	6	**3,046,242**	11,336,165
		74,167,082	106,401,450
Basic and diluted, net profit for the year attributable to ordinary equity holders of the Parent, tenge	21	**6,749.29**	8,465.09
Basic and diluted, net profit from discontinued operations for the year attributable to ordinary equity holders of the Parent, tenge	21	**4,824.29**	6,156.76
Basic and diluted, net profit from continuing operations for the year attributable to ordinary equity holders of the Parent, tenge	21	**1,925.01**	2,308.33

* *Certain amounts given in this column are not consistent with the consolidated financial statements for 2023 as they reflect the adjustments made to recognize the discontinued operations of Mobile Telecom-Service LLP, as detailed in Note 41.*

First Deputy Chairman of the Management Board — *A. A. Nurkatov*

Chief Treasurer — *M. S. Bigaliyev*

Chief Accountant — *M. M. Urazimanova*

Kazakhtelecom JSC | Consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Parent							
In thousands of tenge	Share capital	Treasury shares	Foreign currency translation reserve	Other reserves	Retained Profit	Total	Non-controlling interests	Total equity
Note	21	21		21			6	
At 1 January 2023	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 year	–	–	–	–	93,067,044	93,067,044	11,336,165	104,403,209
Other comprehensive income	–	–	(2,742)	–	2,000,983	1,998,241	–	1,998,241
Total comprehensive income	–	–	(2,742)	–	95,068,027	95,065,285	11,336,165	106,401,450
Dividends (*Note 21*)	–	–	–	–	(33,346,936)	(33,346,936)	–	(33,346,936)
At 31 December 2023	**12,136,529**	**(7,065,614)**	**23,441**	**1,820,479**	**702,957,922**	**709,872,757**	**93,789,580**	**803,662,337**
Net profit for the year	–	–	–	–	74,185,051	74,185,051	3,046,242	77,231,293
Other comprehensive loss	–	–	(32,707)	–	(3,031,504)	(3,064,211)	–	(3,064,211)
Total comprehensive income	–	–	(32,707)	–	71,153,547	71,120,840	3,046,242	74,167,082
Dividends (*Note 21*)	–	–	–	–	(22,983,047)	(22,983,047)	–	(22,983,047)
At 31 December 2024	**12,136,529**	**(7,065,614)**	**(9,266)**	**1,820,479**	**751,128,422**	**758,010,550**	**96,835,822**	**854,846,372**

First Deputy Chairman of the Management Board — *A. A. Nurkatov*

Chief Treasurer — *M. S. Bigaliyev*

Chief Accountant — *M. M. Urazimanova*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

In thousands of tenge	Note	2024	2023 (restated)*
Operating activities			
Profit before tax for the year from continuing operations		32,211,821	48,850,411
Profit before tax for the year from discontinued operations		124,740,158	85,387,380
Adjustment for:			
Depreciation of property and equipment and right-of-use assets	8, 23	80,092,224	94,997,263
Amortisation of intangible assets	9	34,334,251	41,855,295
Impairment loss on non-financial assets	45, 41	9,272,947	760,899
Impairment loss on financial assets	45, 41	3,309,166	10,443,884
Net expenses/(income) from revaluation of foreign currency items		(2,614,724)	3,954,737
Changes in employee benefit obligations		2,534,622	1,950,688
Write-down of inventories to net realisable value	35	422,646	867,068
Group's share of profit in associates	10	236,259	–
Finance costs	38	51,947,125	38,920,897
Finance income	38	(11,086,663)	(15,802,142)
Reversal of provision for fines and penalties		(1,653,021)	1,976,267
Income from government grants	31	(13,372,789)	(9,459,782)
Loss on disposal of property and equipment, net		920,897	898,616
Gain on revaluation of equity instruments at fair value through profit or loss	42	(2,260,279)	–
Income from disposal of an associate		–	(876,945)
Other		245,579	–
Operating cash flows before changes in operating assets and liabilities		309,280,219	304,724,536
Changes in operating assets and liabilities			
Change in trade receivables		(2,695,109)	(16,248,866)
Change in inventories		(2,318,124)	(3,387,003)
Change in other current assets		2,712,428	9,442,407
Change in advances paid		1,622,427	(3,874,576)
Change in trade payables		2,124,320	(22,829,773)
Change in cost to obtain contracts and cost to fulfil contracts		(3,581,182)	249,235
Change in contract liabilities		3,875,406	4,802,473
Change in other current liabilities		28,664,676	29,552,692
Cash inflows from operating activities		339,685,061	302,431,125
Income tax paid		(99,771,143)	(35,374,841)
Interest paid	45	(47,482,474)	(35,316,158)
Interest received		7,138,979	9,181,452
Net cash flows from operating activities		199,570,423	240,921,578

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In thousands of tenge	Note	2024	2023
Investing activities			
Purchase of property and equipment		(188,414,842)	(194,476,548)
Purchase of intangible assets		(26,633,549)	(180,406,973)
Proceeds from sale of property and equipment		5,091,841	508,944
Purchase of financial assets at amortized cost	18	(83,546,765)	(195,250,278)
Proceeds from sale of financial assets at amortised cost	18	109,938,227	166,568,148
Purchase of equity instruments at fair value through profit or loss	42	(6,244,898)	–
Placement of deposits	12	(128,674)	(796,132)
Refund on deposits	12	424,323	810,299
Purchase of interest in a joint venture	10	(424,918)	–
Proceeds from the sale of 49% of the shares of an associate	10	–	4,544,676
Return of restricted cash		7,628	–
Issue of long-term loans to employees		(1,755,319)	(5,871,872)
Repayment of loans by employees		495,938	385,512
Dividends received from an associate	10	–	50,219
Net cash flows used in investing activities		(191,191,008)	(403,934,005)
Financing activities			
Proceeds from borrowings	45	285,776,550	133,584,742
Repayment of borrowings	45	(251,317,490)	(91,120,692)
Dividends paid on common and preferred shares	21	(23,069,640)	(33,411,753)
Repayment of principal portion of deferred tax liabilities		(3,585,225)	–
Repayment of principal portion of lease liabilities	45	(12,868,844)	(12,109,799)
Net cash flows used in financing activities		(5,064,649)	(3,057,502)
Effect of foreign exchange differences on cash and cash equivalents		1,337,238	(5,074,734)
Expected credit losses on cash and cash equivalents	20	2,396	7,247
Net change in cash and cash equivalents		4,654,400	(171,137,416)
Cash and cash equivalents, as at 1 January	20	70,984,738	242,122,154
Cash and cash equivalents, as at 31 December	20	75,639,138	70,984,738

* *Certain amounts given in this column are not consistent with the consolidated financial statements for 2023 as they reflect the adjustments made to recognize the discontinued operations of Mobile Telecom-Service LLP, as detailed in Note 41.*

Significant non-cash transactions are disclosed in *Note 43*.

First Deputy Chairman of the Management Board — *A. A. Nurkatov*

Chief Treasurer — *M. S. Bigaliyev*

Chief Accountant — *M. M. Urazimanova*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

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

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

The Company is controlled by the Government of the Republic of Kazakhstan through Sovereign Wealth Fund "Samruk-Kazyna" JSC ("Samruk-Kazyna" or the "Parent"), which owns a controlling interest of 79.2% of the Company's shares. Below is the list of the Company's shareholders as at 31 December 2024:

	At 31 December 2024	At 31 December 2023
Samruk-Kazyna	**79.2%**	79.2%
Private Company Telecom Systems LTD	**9%**	–
First Heartland Jusan Bank JSC	**–**	9%
ADR (The Bank of New York – depository)	**0.6%**	0.6%
Corporate Fund *Social Development Fund*	**3.4%**	3.4%
Other	**7.8%**	7.8%
	100%	100%

The Company is included in the register of natural monopolies in relation to traffic transfer services provided to telecommunication operators, public switch telecommunication network ("PSTN") connection services provided to third party telecommunication operators, and leasing of phone channels to telecommunication operators for connection to PSTN.

The Company and its subsidiaries listed in *Note 5* (hereinafter collectively referred to as the "Group") have a significant share of the fixed line and mobile communication market, 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.

These consolidated financial statements of the Group were approved for issue by the First Deputy Chairman of the Management Board on behalf of the Company's Management on 20 March 2025.

2. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS"), as issued by International Accounting Standards Board (hereinafter, "IASB").

These consolidated financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these consolidated financial statements. The consolidated financial statements are presented in Kazakhstani tenge ("tenge") and all amounts are rounded to the nearest thousand, except when otherwise indicated.

The Group has prepared its consolidated financial statements on the basis that it will continue to operate as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group's Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of comprehensive income. Any investment retained is recognised at fair value.

3. MATERIAL ACCOUNTING POLICIES

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments that are effective for annual reporting periods beginning on or after 1 January 2024 (unless otherwise indicated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

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

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

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

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

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

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. For more detailed information see *Note 22*.

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

Standards issued but not yet effective

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

Lack of Exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

IFRS 18 and the amendments to the other standards are effective for annual reporting periods beginning on or after 1 January 2027, Early adoption is permitted, but will need to be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and the notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027. Early adoption is permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December, the IASB issued *Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7*. These amendments:

- Address how the 'own-use' requirements apply;
- Permit hedge accounting under certain conditions if these contracts are used as hedging instruments;
- Add disclosure requirements to enable investors to understand the effects of these contracts on a company's financial performance and cash flows.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed.

The amendments on the application of the *own-use* requirements will apply retrospectively, while the guidance that permits hedge accounting will apply perspectively to new hedging relationships designated as such on or after the date of initial application.

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

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7), which:

- Clarify that a financial liability is derecognised on the settlement date, i.e., when the obligation under the liability is discharged or cancelled or expired or the liability is subject to derecognition otherwise. Also, an option of accounting policy was developed that allows derecognising financial liabilities settled using an electronic payment system before the settlement date if certain criteria are satisfied;
- Clarify how to assess contractual cash flows of financial assets which comprise environmental, social and governance (ESG) features and other similar contingent features;
- Clarify the accounting treatment of assets with non-recourse features and contractually linked instruments;
- Introduce additional disclosure requirements in IFRS 7 for financial assets and liabilities with contractual terms linked to a contingent event (including those with ESG-linked features) and for equity instruments designated at fair value through other comprehensive income.

The issue of amendments completed the classification and measurement stage of the Post-implementation Review (PIR) of IFRS 9 *Financial Instruments* carried out by the International Accounting Standards Board (IASB).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (continued)

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Entities are permitted to early adopt only the amendments addressing the classification of financial assets and the related disclosures and apply the remaining amendments later.

The new requirements will be applied retrospectively, with an adjustment made to retained earnings as at the beginning of the period. Prior periods are not subject to restatement and may be restated only if no retrospective analysis is used. An entity is required to disclose information on financial assets that are reclassified from one measurement category to another due to the amendments.

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

Foreign currency translation

The Group's consolidated financial statements 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 and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are 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 recognised in the consolidated statement of comprehensive income.

Non-monetary items that are measured at 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 December 2024	31 December 2023
US dollar	**523.54**	454.56
Euro	**546.47**	502.24
Russian rouble	**4.99**	5.06

The functional currency of foreign operation KT-IX LLC (Russian Federation) is Russian rouble. On consolidation, the assets and liabilities of foreign operations are translated into tenge at the rate of exchange prevailing at the reporting date and their 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.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with the changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Current versus non-current classification

The Group presents assets and liabilities in the Group's consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 (twelve) months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Current versus non-current classification of assets and liabilities (continued)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 (twelve) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue and transfer of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Fair value measurement

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in *Note 45*.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or the liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 − valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The respective unit of the Group (hereinafter, the "Working Group") determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The composition of the Working Group is determined by the Management of the group.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the Working Group after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Valuation Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date the Working Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies For this analysis, the Working Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Working Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Working Group and its external appraisers provide the valuation results to the Audit Committee and independent auditors of the Group on a regular basis that assumes discussion of main assumptions used in valuation.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Please refer to asset retirement obligation (*Note 27*) for further information about decommissioning provision recognised.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Buildings	50
Constructions	10–20
Telecommunication equipment	3–20
Other	3–20

Land is not depreciated.

An item of property and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Construction–in-progress

Construction-in-progress represents property and equipment under construction and machinery and equipment awaiting installation and is recorded at cost. Construction-in-progress includes cost of construction and equipment and other direct costs. When construction of such assets is completed or when the machinery and equipment are ready for their intended use, construction-in-progress is transferred to the appropriate category of depreciable assets. Construction-in-progress is not depreciated.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets have finite useful lives.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Expenses on amortisation of intangible assets with finite useful lives are recognised in the consolidated statement of comprehensive income in the category of expenses, which corresponds to the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Intangible assets are amortised on a straight-line basis within the following estimated useful lives.

	Years
Licences	3–20
Computer software	1–14
Customer base	8–10
Other	2–15

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete the project and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefits. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's or cash generating unit's (CGU's) recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the current amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of 5 (five) years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories that are consistent with the function of the impaired asset.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

Goodwill

Goodwill is tested for impairment annually as at 31 December, and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i. e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, trade receivables, financial assets at fair value through OCI, financial assets at amortised cost and other current financial assets.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures its financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables, loans to employees, bank deposits and other non-current and current financial assets.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. exluded from the Group's consolidated statement of financial position):

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Group evaluates if it has retained the risks and rewards of ownership, and to which extent, if any. When the Group has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Financial assets carried at amortised cost

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprise trade payables, loans and borrowings, lease liabilities, and debt component of preferred shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This category is the most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. Further details are contained in *Note 22.*

Financial guarantee obligations

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of the expected credit losses determined in accordance with IFRS 9 *Financial Instruments* and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Debt component of preferred shares recorded in liabilities

The debt component of the preferred shares that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. The corresponding minimal guaranteed dividends on those shares are charged as finance costs in the consolidated statement of comprehensive income. On initial recognition, the fair value of the liability component is determined by discounting expected future cash flows at a market interest rate for a comparable debt instrument. The fair value of the equity component on initial recognition is assigned the residual amount after deducting the fair value determined for the liability component from the initial carrying amount of the instrument as a whole. Subsequently, the liability component is measured according to the same principles used for loans and borrowings, and the equity component is not remeasured in subsequent years.

Trade payables

Liabilities for trade payables are recognised at fair value to be paid in the future for goods and services received, whether or not billed to the Group.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another one from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and reported at the net amount in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group intends to either settle on a net basis, to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group determined the following useful lives:

	Years
Buildings and constructions	5–10
Site for networks and equipment of base stations	5–10
Equipment	3–15

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section *Impairment of non-financial assets*.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment that have a lease term of 12 months or less from the commencement date and the lessor has an unconditional right to terminate the contract. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue and other income in the period in which they are earned.

Inventories

Inventories are valued at the lower of cost of acquisition and net realisable value.

Cost comprises expenses incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The same cost formula is used for all inventories having a similar nature and use. All inventories are determined based on the weighted average cost method.

Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

Decommissioning liabilities are recognised in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the reporting period when the related environmental disturbance occurs. Decommissioning costs are recorded at the discounted value of expected liability settlement costs calculated using estimated cash flows and recognised as part of the initial cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks inherent in the decommissioning liability. Unwinding of discount is expensed as incurred and recognised in the consolidated statement of comprehensive income as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Employee benefits

Social tax

The Group pays social tax according to the current statutory requirements of the Republic of Kazakhstan. Social tax expenses are charged to expenses as incurred.

Besides, the Group withholds 10% of the salary of employees paid as contributions of employees to the accumulating pension funds. Under the legislation, employees are responsible for their retirement benefits and the Group has no present or future obligation to further compensate its employees upon their retirement, except as provided below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension payments

The Group does not incur any expenses in relation to provision of pensions or other post-employment benefits to its employees. In accordance with the legal requirements of the Republic of Kazakhstan, the Group withholds pension contributions from employee salaries and transfers them into state or private pension funds on behalf of its employees. Pension contributions are the responsibility of employees, and the Group has no current or future obligations to make payments to employees following their retirement. Upon retirement of employees, all pension payments are administered by the pension funds directly.

Defined benefit pension plan

The Collective Agreement between the Company and its employees provides for certain long-term and retirement benefits to some of its employees (the "Defined Benefit Scheme").

Long-term benefits are paid to employees upon completion of a certain number of years of service whereas retirement benefits represent one-off payments made upon retirement in accordance with the Collective Agreement. Both items vary according to the employee's average salary and length of service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit obligation and the return on plan assets (excluding amounts included in net interest on the net defined benefit obligation), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit obligation or asset. The Group recognises the outlined changes of net defined benefit obligation in the lines: "cost of sales" and "general and administrative expenses" in the consolidated statement of comprehensive income.

Cash dividend and non-cash distribution to equity holders of the Parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. According to the legislation, distribution is approved by the shareholders.

A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the consolidated statement of comprehensive income.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the acquisition, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

The Group's activities mainly relate to the provision of data transmission services, rendering of fixed line and wireless phone services, rent of channels, local, intercity and international calls, interconnect / traffic transmission of other operators, value added services and sale of equipment and mobile devices.

At the beginning of the contract, the Group assesses the goods and services promised in the contract with the customer and defines each promise to transfer a certain product or service or a set of certain goods or services to the customer as a performance obligation.

The Group has concluded that it is a principal in all of its revenue arrangements since in all cases it is the main party that assumed obligations under the contract, controls the goods and services before transferring them to the customer.

Provision of services

The Group's revenues are principally derived from the provision of wireless and fixed line local, domestic long distance and international long distance telecommunication services.

Interconnection fees from domestic and foreign telecommunications operators are recognised when the services are rendered based on the actual minutes of traffic transferred through the network.

Revenues from international and intercity calls and calls to local operators are recognised at the time the call is made over the Group's network.

Subscription fees, consisting primarily of monthly charges for access to broadband and other internet services or voice services, are recognised as revenue over time on a straight-line basis. Revenue from dial up internet is recognised based on the actual airtime provided to the customers.

Revenue from the rental of analogue and digital channels and private circuits as well as wholesale access revenue is recognised over the period because the customer simultaneously receives and consumes the benefits provided by the Group when it fulfils its contractual obligations.

Non-refundable upfront fees received for initial connection of new subscribes to fixed line and wireless networks are recognised during the expected period of the customer relationship. The expected period of the customer relationship is based on the history of customer period and industry practice.

Equipment provided to customers

The Group provides Internet and other data transmission services and equipment for the provision of these services, including modems, routers, etc.

Based on the analysis of current operating indicators, the Group concluded that equipment that cannot be used by the subscriber separately from the Group's services is not a separately identifiable performance obligation.

The Group capitalises the cost of equipment provided free of charge as costs to fulfil a contract. Costs to fulfil a contract are amortised over the period the service is provided to the customer.

Sale of equipment and mobile devices

The Group may bundle services and products into one customer offering. Offerings may involve the delivery or provision of multiple products, services, or rights to use assets (multiple deliverables). In some cases, the arrangements include initial installation, initiation, or activation services and involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. Costs associated with the equipment are recognised when revenue is recognised. The revenue is allocated to separate product and services on a relative stand-alone selling price method.

The stand-alone selling prices are determined based on the list prices at which the Group sells the mobile devices and telecommunication services. Customised equipment that can be used only in connection with services or products provided by the Group is not accounted for separately and revenue is recognised on a straight-line basis over the total service arrangement period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Sale of equipment and mobile devices (continued)

In revenue arrangements with more than one performance obligation, transaction price is allocated between the goods and services using the relative stand-alone selling price method. Determining the transaction price for each separate performance obligation can require complex estimates. The Group generally determines the stand-alone selling price for each separate performance obligation based on prices at which the goods or services are regularly sold on a stand-alone basis after considering volume discounts where appropriate.

Roaming discounts

The Group enters into roaming discount agreements with a number of wireless operators. According to the terms of the agreements the Group is obliged to provide, and entitled to receive, a discount that is generally dependent on the volume of inter operator roaming traffic. The Group uses various estimates and assumptions, based on historical data and adjusted for known changes, to determine the amount of the discount to be received or granted. Such estimates are adjusted monthly to reflect newly-available information.

The Group accounts for discounts received as a reduction of roaming expenses and discounts granted as reduction of roaming revenue. The Group considers terms of the various roaming discount agreements to determine the appropriate presentation of the related receivables from and payables to its roaming partners in its consolidated statement of financial position.

Significant financing component

Generally, the Group receives short-term advances from customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if, at contract inception, it expects that the period between the transfer of the promised good or service to the customer and the date when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the connection to international telecommunication network. The Group discounts the transaction price for such contracts, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Cost to obtain a contract

The Group sells part of payment scratch cards, sim cards, and handsets using sales agents. The Group pays commission to sales agents for new connected subscribers in the B2C segment. The commission to sales agents is capitalised as costs to obtain a contract in the consolidated statements of financial position. Costs to obtain a contract are amortised over the period the service is provided to the customer.

Government grants and compensation for provision of universal services in rural areas

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Government grants and compensation for provision of universal services in rural areas are presented separately in the consolidated statement of comprehensive income within revenues from operating activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued D)

Revenue from contracts with customers (continued)

Customer loyalty programmes

Transactions performed for the purposes of promotional activities through the use of mobile phone balances and OGO bank cards as well as for other activities of the Group's subscribers which lead to accrual of bonus points to the customers as part of the Group's OGO Bonus loyalty programmes, are accounted for as two separate performance obligations, included in a single contract – commission. The transaction price is allocated between the commission price and the granted bonus points based on separate selling prices. The transaction price in the form of bonus points is not recognised as revenue at the time of the initial sale. It is deferred and recognised as revenue once the bonus points have been used by the subscriber, and the Group has fulfilled its performance obligations.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before the payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies for financial assets in section *Financial instruments – initial recognition and subsequent measurement*.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The interest income is recorded as part of finance income in the consolidated statement of comprehensive income.

Expense recognition

Expenses are recognised as incurred and reported in the consolidated statement of comprehensive income in the period to which they relate on the accrual basis.

Connection cost

The Group records connection costs incurred and attributable to the related deferred income over the expected period of the customer relationship.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable profit.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the reporting year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently to reflect new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements. Where an inflow of economic benefits is probable, they are disclosed.

Contingent liabilities are not recognised in the consolidated financial statements unless an outflow of resources embodying economic benefits has become probable. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Related parties

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Transactions with related parties are used to reflect the status of settlements for property, work and services received from companies or sold to companies that are related parties to the Group. Items of a similar nature are disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities in the consolidated financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial instruments and financial risk management objectives and principles – *Note 45*;
- Sensitivity analyses disclosures – *Notes 11 and 24*.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – the Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group re-assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of machinery and equipment with a shorter non-cancellable period. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease; therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Useful lives of property and equipment and intangible assets

The Group assesses the remaining useful lives of items of property and equipment and intangible assets at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

On initial recognition, the Group assessed the useful life of 5G frequencies to be 15 years based on an assessment of the development of communication technologies, the practices of other mobile operators and the expected average period of income generation from the use of 5G frequencies. As at 31 December 2024, the Group concluded that the useful life of 5G frequencies remained unchanged.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available at the time when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the Group's control. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 (five) years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and growth rates used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in *Note 11*.

Allowance for expected credit losses

The Group recognises a provision for expected credit losses for receivables and funds in credit institutions (cash and cash equivalents, and bank deposits).For trade and other receivables, the Group has applied the simplified approach permitted by the standard and has calculated expected credit losses based on the lifetime of these financial instruments. The Group used a provision model that is prepared based on the Group's historical credit loss experience, adjusted for the factors specific to the debtors and the economic environment. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the telecommunications sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and in forecast economic conditions. Also, the Group's historical credit loss experience and forecast economic conditions may not be representative of the customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in *Note 15*.

For funds in credit institutions (cash and cash equivalents, bank deposits), the Group calculated expected credit losses based on the 12-month period. The 12-month expected credit losses is the portion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the provision will be based on the lifetime expected credit losses.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also, it is considered that a financial asset is in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Thus, as at 31 December 2024, the provision for expected credit losses was created in the amount of KZT 19,549,197 thousand (2023: KZT 17,628,662 thousand) (*Notes 12, 15, 17 and 20*). Changes in the economy, industry or specific customer conditions would have an impact on these allowances recorded in the consolidated financial statements.

Significant financing component

The Group concludes that certain long-term contracts contain significant financing components due to the time interval between the provision of the Group's services to the customer and the moment the customer pays for such services.

The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception.

Cost to obtain a contract

The Group considers commission to sales agents to be an additional cost to obtain a contract, and capitalises such costs to obtain contracts with customers as an asset. The Group depreciates the costs to obtain a contract with customers on a systematic basis, which corresponds to the timing of the provision of services to customers. The Group reviews depreciation periods if the expected service dates have changed.

Contract liabilities

Deferred revenues are recognised as contract liabilities and recorded over the expected period of the customer relationship. In making its judgements, management considered the detailed criteria for the recognition of revenues from contracts with customers set out in IFRS 15, industry practice and the Group's historical churn rate.

Non-refundable upfront fees

Upfront fees received for activation and connection to the fixed line and the wireless network that do not represent a separate earning process are recognised as contract liabilities and recorded over the expected period of the customer relationship. In making its judgements, management considered the detailed criteria for the recognition of revenues from connection fees set out in IAS 15, industry practice and the Company's historical churn rate. As at 31 December 2024, average customer relationship period is assessed as 13 (thirteen) years for fixed line customers and 5 (five) years for internet customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Decommissioning liability

Decommissioning liabilities are recognised in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs in the reporting period when the related environmental disturbance occurs. Decommissioning costs are recorded at the discounted value of expected liability settlement costs calculated using estimated cash flows and recognised as part of the initial cost of the particular asset. The cash flows are discounted at a current pre-tax rate, which reflects the risks inherent in the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of comprehensive income as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Employee benefit obligations

The Group uses the actuarial valuation method for measurement of the present value of defined employee benefit obligation and related current service cost. This involves the use of demographic assumptions about the future characteristics of current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, etc.) as well as financial assumptions (discount rate, future salary increases). Due to the long term nature of these benefits, such estimates are subject to significant uncertainty.

The current portion of employee benefit obligations represents the obligations which the Group is going to repay within the twelve months period since the end of the annual reporting period.

In determining the appropriate discount rate, the Group's management considers the interest rates of high-yield corporate bonds in respective currencies.

The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Further details about the assumptions used are contained in *Note 24*.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised in the consolidated financial statements, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As at 31 December 2024, the carrying amount of recognised tax assets was KZT 163,330 thousand (31 December 2023: KZT 369,451 thousand). Further details are contained in *Note 40.*

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease; therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the IBR reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Fair value measurement of financial instruments

When the fair value of financial instruments and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on data in active markets, their fair value is measured using valuation techniques, including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Any changes in assumptions about these factors could affect the fair value reported in the consolidated financial instruments. For more details on the fair values refer to *Note 45*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

The items and considerations that are most directly impacted by climate-related matters include:

- Useful lives of property and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures;
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk, in particular, such as climate-related legislation and regulations and changes in demand for the Group's products;
- Decommissioning liability. The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning one of the Group's manufacturing facilities.

5. CONSOLIDATION

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

		Interest ownership	
	Country of incorporation	31 December 2024	31 December 2023
Mobile Telecom-Service LLP	Kazakhstan	**100.00%**	100.00%
KT-IX LLC	Russia	**100.00%**	100.00%
Auyl Telecom LLP (formerly, 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 LLP	Kazakhstan	**100.00%**	100.00%
Kcell JSC	Kazakhstan	**51.00%**	51.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. MATERIAL PARTLY-OWNED SUBSIDIARIES

Kcell JSC

The following is a summary of financial information of the subsidiary that has material non-controlling interests of 49%. This information is based on amounts before inter-company eliminations.

Summarised consolidated statement of comprehensive income of Kcell:

In thousands of tenge	2024	2023
Revenue from contracts with customers	**235,464,546**	223,747,312
Income from government grants	**5,853,170**	3,745,709
Cost of sales	**(188,653,560)**	(168,210,279)
General and administrative expenses	**(10,189,912)**	(8,810,772)
Impairment loss on financial assets	**(3,156,331)**	(5,702,317)
Selling expenses	**(3,305,119)**	(5,401,262)
Finance costs	**(22,171,354)**	(12,888,999)
Finance income	**3,400,077**	5,339,139
Net foreign exchange income	**(375,078)**	(1,346,426)
Other income	**66,272**	1,909,862
Other expenses	**(6,701,397)**	(2,532,571)
Profit before tax	**10,231,314**	29,849,396
Income tax expenses	**(4,014,494)**	(6,714,366)
Profit for the reporting year	**6,216,820**	23,135,030
Profit attributable to equity holders of the Parent	**3,170,578**	11,798,865
Profit attributable to non-controlling interests	**3,046,242**	11,336,165

Summarised consolidated statement of financial position as at 31 December:

In thousands of tenge	2024	2023
Non-current assets	**405,711,076**	363,722,055
Current assets	**49,928,960**	63,301,344
Non-current liabilities	**(130,323,079)**	(148,332,773)
Current liabilities	**(118,972,685)**	(78,563,174)
Total equity	**206,344,272**	200,127,452
Attributable to:		
Equity holders of the Parent	**109,508,450**	106,337,872
Non-controlling interests	**96,835,822**	93,789,580

Summarised consolidated statement of cash flows of Kcell JSC for the years ended 31 December:

In thousands of tenge	2024	2023
Operating cash flows	**79,220,556**	80,239,490
Investing cash flows	**(79,451,400)**	(145,153,844)
Financing cash flows	**(2,357,546)**	30,651,917
Foreign exchange effect on cash and cash equivalents	**358,404**	(954,390)
Net change in cash and cash equivalents	**(2,229,986)**	(35,216,827)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. SEGMENT INFORMATION

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

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

The segment information represents the Group's continuing operations. Due to the reclassification of Mobile Telecom-Service LLP (MTS) to discontinued operation in 2024 (*Note 41*), MTS is not included into the operating segment "mobile telecommunications based on GSM and LTE"; as a result, the comparative information is not consistent with the issued consolidated financial statements for the year ended 31 December 2023 as it does not include discontinued operations.

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

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

The following tables disclose revenue and profit information for the Group's operating segments for the years ended 31 December 2024 and 2023.

For the year ended 31 December 2024

In thousands of tenge	Fixed line	Mobile telecommunication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customers					
Sales to external customers	**256,392,251**	**224,643,049**	**513,533**	–	**481,548,833**
Inter-segment sales	**51,028,979**	**10,821,497**	**2,080,854**	**(63,931,330)**	–
Total revenue from contracts with customers	**307,421,230**	**235,464,546**	**2,594,387**	**(63,931,330)**	**481,548,833**
Compensation for provision of universal services in rural areas	**5,025,725**	–	–	–	**5,025,725**
Income from government grants	**2,209,774**	**5,853,170**	–	–	**8,062,944**
Total	**314,656,729**	**241,317,716**	**2,594,387**	**(63,931,330)**	**494,637,502**
Financial results					
Cost of sales, including:	**(252,426,599)**	**(183,730,568)**	**(2,409,823)**	**53,652,782**	**(384,914,208)**
Personnel expenses	**(97,951,903)**	**(16,961,598)**	**(1,043,687)**	–	**(115,957,188)**
Cost of sales of sim-cards, scratch-cards, sim starter kits and mobile devices	–	**(34,853,562)**	**(680,232)**	**(30,896)**	**(35,564,690)**
Repair and maintenance	**(12,025,164)**	**(12,970,936)**	**(15,409)**	**243,725**	**(24,767,784)**
Fees for use of frequency range	**(4,620,245)**	**(18,111,529)**	–	–	**(22,731,774)**
General and administrative expenses, including:	**(31,083,649)**	**(10,189,912)**	**(544,808)**	**(353,155)**	**(42,171,524)**
Personnel expenses	**(16,016,451)**	**(3,044,546)**	**(310,020)**	–	**(19,371,017)**
Taxes other than income tax	**(3,648,926)**	**(1,510,236)**	**(39)**	–	**(5,159,201)**
Depreciation and amortisation	**(43,092,016)**	**(56,117,459)**	**(48,113)**	**1,012,206**	**(98,245,382)**
Finance costs	**(18,480,109)**	**(22,171,354)**	**(45)**	**941,904**	**(39,709,604)**
Finance income	**4,709,995**	**3,400,077**	**163,529**	**(1,047,589)**	**7,226,012**
Dividend income	**9,263**	–	–	**(9,263)**	–
Group's share in the loss of the joint venture	–	–	**(236,259)**	–	**(236,259)**
Impairment loss on non-financial assets	**(901,602)**	**(522,745)**	–	–	**(1,424,347)**
Impairment loss on financial assets	**(166,580)**	**(3,156,331)**	**(39,765)**	**53,510**	**(3,309,166)**
Income tax	**(47,017,434)**	**(4,999,092)**	**(32,555)**	**43,978,213**	**(8,070,868)**
Segment profit/(loss)	**(151,478,928)**	**15,158,049**	**(468,334)**	**169,001,034**	**32,211,821**
Profit (loss) from discontinued operations	–	**93,195,116**	–	**(40,104,776)**	**53,090,340**
Operating assets	**1,236,552,136**	**530,363,676**	**2,856,966**	**(126,351,601)**	**1,643,421,177**
Operating liabilities	**443,458,836**	**242,899,560**	**2,581,934**	**99,634,475**	**788,574,805**
Other disclosures					
Assets classified as held for sale (*Note 41*)	–	**577,345,426**	–	–	**577,345,426**
Investments in a joint venture	–	–	**188,659**	–	**188,659**
Capital expenditures	**68,346,331**	**93,975,552**	–	**(226,381)**	**162,095,502**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. SEGMENT INFORMATION (continued)

For the Year Ended 31 December 2023

In thousands of tenge	Fixed line	Mobile telecommunication services in GSM and LTE standards	Other	Eliminations and adjustments	Group
Revenue from contracts with customers					
Sales to external customers	245,222,090	211,467,078	1,063,365	–	457,752,533
Inter-segment sales	44,530,364	4,244,890	1,840,762	(50,616,016)	–
Total revenue from contracts with customers	**289,752,454**	**215,711,968**	**2,904,127**	**(50,616,016)**	**457,752,533**
Compensation for provision of universal services in rural areas	8,853,903	–	–	–	8,853,903
Income from government grants	2,309,209	3,745,709	–	–	6,054,918
Total	**300,915,566**	**219,457,677**	**2,904,127**	**(50,616,016)**	**472,661,354**
Financial results					
Cost of sales, including:	(237,036,826)	(156,467,814)	(2,612,056)	44,680,716	(351,435,980)
Personnel expenses	(92,163,428)	(16,006,485)	(1,006,635)	–	(109,176,548)
Cost of sales of sim-cards, scratch-cards, sim starter kits and mobile devices	–	(26,630,996)	(1,055,164)	(8,689)	(27,694,849)
Repair and maintenance	(8,279,675)	(11,519,794)	(12,816)	207,507	(19,604,778)
Fees for use of frequency range	(5,192,976)	(13,244,344)	–	–	(18,437,320)
General and administrative expenses, including:	(27,380,784)	(8,849,603)	(499,532)	59,656	(36,670,263)
Personnel expenses	(15,469,376)	(2,435,777)	(298,902)	–	(18,204,055)
Taxes other than income tax	(3,553,915)	(1,777,471)	(50)	–	(5,331,436)
Depreciation and amortisation	(40,081,397)	(56,676,686)	(46,580)	962,267	(95,842,396)
Finance costs	(17,186,381)	(12,888,936)	(3,067)	1,697,188	(28,381,196)
Finance income	8,138,392	5,339,139	102,507	(502,743)	13,077,295
Impairment loss on non-financial assets	55,127	–	–	–	55,127
Impairment loss on financial assets	(4,507,026)	(5,702,316)	(17,586)	152,741	(10,074,187)
Income tax	(4,938,459)	(9,154,797)	23,490	1,868,575	(12,201,191)
Segment profit/(loss)	**30,369,080**	**42,051,549**	**(418,941)**	**(23,151,277)**	**48,850,411**
Operating assets	**1,224,250,161**	**1,390,514,250**	**2,417,860**	**(1,134,181,930)**	**1,483,000,341**
Operating liabilities	**284,268,091**	**447,797,103**	**1,927,232**	**(54,654,422)**	**679,338,004**
Other disclosures					
Capital expenditures	73,991,757	328,253,641	109,966	(525,552)	401,829,812

Reconciliation of profit

In thousands of tenge	2024	2023
Segment profit	**(136,789,213)**	72,001,688
Other	**169,001,034**	(23,151,277)
Profit of the Group	**32,211,821**	48,850,411

1) Income between segments is excluded during consolidation;

2) Finance costs and finance income comprise intersegment finance costs and intersegment finance income;

3) Operating income of segments comprises income from intersegment transactions;

Capital expenditures include additions of property and equipment and intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. SEGMENT INFORMATION (continued)

Reconciliation of assets

In thousands of tenge	**2024**	2023
Segment operating assets	**1,769,772,778**	2,617,182,271
Elimination of intra-group receivables and payables	**(4,056,644)**	(89,018,519)
Elimination of the Company's investments in subsidiaries	**(699,803,713)**	(1,045,532,862)
Assets held for sale (*Note 41*)	**577,345,426**	–
Deferred tax assets	**163,330**	369,451
Total assets of the Group	**1,643,421,177**	1,483,000,341

Reconciliation of liabilities

In thousands of tenge	**2024**	2023
Segment operating liabilities	**688,940,330**	733,992,426
Elimination of intra-group receivables and payables	**(132,285,813)**	(80,389,085)
Deferred tax liabilities	**64,433,388**	25,734,663
Liabilities directly associated with assets held for sale (*Note 41*)	**167,486,900**	–
Total liabilities of the Group	**788,574,805**	679,338,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. PROPERTY AND EQUIPMENT

Movements in property and equipment in 2024 and 2023 were as follows:

In thousands of tenge	Land	Buildings and constructions	Equipment	Other	Construction-in-progress	Total
Cost						
At 1 January 2023	3,227,367	85,790,701	822,257,890	22,433,847	142,011,261	1,075,721,066
Additions	95,040	404,301	35,157,035	11,055,398	166,399,064	213,110,838
Asset retirement obligation (*Note 26*)	–	–	3,227,077	–	–	3,227,077
Transfers from right-of-use assets (*Note 23*)	–	–	42,431,622	–	–	42,431,622
Transfers from investment property	–	3,173,000	–	–	–	3,173,000
Transfers	–	5,730,329	66,979,204	60,999	(72,770,532)	–
Disposals	(2,533)	(390,819)	(30,823,727)	(799,329)	(2,838,689)	(34,855,097)
At 31 December 2023	3,319,874	94,707,512	939,229,101	32,750,915	232,801,104	1,302,808,506
Additions	**9**	**831,430**	**28,019,948**	**2,668,404**	**107,465,375**	**138,985,166**
Asset retirement obligation (*Note 26*)	**–**	**–**	**678,707**	**–**	**–**	**678,707**
Transfers from investment property	**–**	**366,055**	**–**	**–**	**–**	**366,055**
Transfers	**–**	**2,603,728**	**102,160,438**	**222,083**	**(104,986,249)**	**–**
Disposals	**(15)**	**(267,519)**	**(32,994,641)**	**(1,152,833)**	**(3,789,895)**	**(38,204,903)**
Transfers to assets held for sale (*Note 41*)	**(351,314)**	**(19,220,677)**	**(206,576,128)**	**(6,561,416)**	**(79,886,862)**	**(312,596,397)**
At 31 December 2024	**2,968,554**	**79,020,529**	**830,517,425**	**27,927,153**	**151,603,473**	**1,092,037,134**
Accumulated depreciation and impairment						
At 1 January 2023	**–**	30,214,788	514,718,350	16,901,271	11,895,219	573,729,628
Amortisation charge	–	4,295,810	78,392,512	1,524,499	–	84,212,821
Impairment/(recovery)	–	582	(94,996)	1,541	1,057,996	965,123
Disposals	–	(182,649)	(30,129,527)	(777,874)	(2,597,787)	(33,687,837)
Transfers from right-of-use assets (*Note 23*)	–	–	13,388,946	–	–	13,388,946
Transfers from investment property	–	1,363,000	–	–	–	1,363,000
At 31 December 2023	–	35,691,531	576,275,285	17,649,437	10,355,428	639,971,681
Amortisation charge	**–**	**4,101,572**	**62,168,213**	**2,560,223**	**–**	**68,830,008**
Impairment	**–**	**7,798**	**657,147**	**10,031**	**73,722**	**748,698**
Disposals	**–**	**(177,989)**	**(30,971,350)**	**(1,125,926)**	**–**	**(32,275,265)**
Transfers from investment property	**–**	**260,060**	**–**	**–**	**–**	**260,060**
Transfers to assets held for sale (*Note 41*)	**–**	**(6,378,581)**	**(119,515,159)**	**(5,197,208)**	**(9,117,578)**	**(140,208,526)**
At 31 December 2024	**–**	**33,504,391**	**488,614,136**	**13,896,557**	**1,311,572**	**537,326,656**
Net book value						
At 31 December 2023	3,319,874	59,015,981	362,953,816	15,101,478	222,445,676	662,836,825
At 31 December 2024	**2,968,554**	**45,516,138**	**341,903,289**	**14,030,596**	**150,291,901**	**554,710,478**

As at 31 December 2024 and 2023, assets under construction are represented by equipment for installation for base transmission stations, mobile switch servers and other telecommunication equipment and services work.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. PROPERTY AND EQUIPMENT (continued)

During 2023, the equipment as part of the right-of-use assets with a net book value of KZT 29,042,676 thousand was transferred to property and equipment, as the financial lease agreement with FitLeasing LLP expired, the lease payments were completed, and the ownership rights were transferred to the Group *(Note 23)*.

During 2023, a part of the investment property with the carrying amount of KZT 1,810,000 thousand was transferred to property and equipment as these premises were occupied by the Group. The remaining premises in the amount of KZT 105,995 thousand were still leased to third and related parties. As at 31 December 2023, the fair value of the investment property was KZT 427,268 thousand. During 2024, a part of the investment property with the carrying amount of KZT 105,995 thousand was transferred to property and equipment as these premises were occupied by the Group.

As at 31 December 2024, the gross carrying amount of property and equipment which had been fully depreciated and was still in use was equal to KZT 529,875,468 thousand (31 December 2023: KZT 514,731,498 thousand).

During 2024, the Group recognised impairment loss on property and equipment of KZT 674,976 thousand and impairment loss on construction-in-progress of KZT 73,722 thousand (2023: gain on reversal of impairment loss of property and equipment of KZT 92,873 thousand and impairment loss on construction-in- progress of KZT 1,057,996 thousand), which represented the write-down of certain assets to their recoverable amount as a result of technological obsolescence and damage. Impairment was recognised in the consolidated statement of comprehensive income as an operating expense.

As at 31 December 2024, advances paid for non-current assets in the amount of KZT 1,288,341 thousand mainly represented by advances paid for installation of base stations, construction and delivery of fixed assets (2023: KZT 2,268,635 thousand). During 2024, the Group recognised/(reversed) impairment of advances paid for non-current assets for KZT 280,745 thousand (2023: KZT 554,636 thousand) *(Note 45)*.

9. INTANGIBLE ASSETS

Movements of intangible assets for 2024 and 2023 were as follows:

In thousands of tenge	Licences	Software	Other	Intangible assets under development	Total
Cost					
At 1 January 2023	236,778,637	62,201,582	20,614,369	472,733	320,067,321
Additions	174,572,253	8,666,011	498,810	4,981,900	188,718,974
Transfers	–	263,141	–	(263,141)	–
Disposals	(3,459,720)	(565,492)	(188,018)	(472,000)	(4,685,230)
At 31 December 2023	407,891,170	70,565,242	20,925,161	4,719,492	504,101,065
Additions	**10,774,119**	**1,638,733**	**1,853,336**	**8,844,148**	**23,110,336**
Transfers	**663,993**	**5,199,160**	**–**	**(5,863,153)**	**–**
Disposals	**(5,176,819)**	**(8,831,178)**	**(321,752)**	**–**	**(14,329,749)**
Transfers to assets held for sale (*Note 41*)	**(201,539,291)**	**(16,701,340)**	**(288,068)**	**(2,926,466)**	**(221,455,165)**
At 31 December 2024	**212,613,172**	**51,870,617**	**22,168,677**	**4,774,021**	**291,426,487**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INTANGIBLE ASSETS (continued)

	Licences	Software	Other	Intangible assets under development	Total
Accumulated amortisation					
At 1 January 2023	70,908,787	45,783,212	7,761,090	472,733	124,925,822
Amortisation charge	28,681,629	11,269,943	1,903,723	–	41,855,295
Reversal of impairment	(32,433)	(2,881)	–	–	(35,314)
Disposals	(3,399,563)	(574,381)	(188,009)	(472,000)	(4,633,953)
At 31 December 2023	96,158,420	56,475,893	9,476,804	733	162,111,850
Amortisation charge	**22,990,674**	**10,322,410**	**1,021,167**	**–**	**34,334,251**
Impairment	**–**	**(28)**	**–**	**144,530**	**144,502**
Disposals	**(5,171,780)**	**(8,755,693)**	**(321,752)**	**–**	**(14,249,225)**
Transfers to assets held for sale (*Note 41*)	**(50,329,708)**	**(14,217,036)**	**(3,678)**	**–**	**(64,550,422)**
At 31 December 2024	**63,647,606**	**43,825,546**	**10,172,541**	**145,263**	**117,790,956**
Net book value					
At 31 December 2023	311,732,750	14,089,349	11,448,357	4,718,759	341,989,215
At 31 December 2024	**148,965,566**	**8,045,071**	**11,996,136**	**4,628,758**	**173,635,531**

As at 31 December 2024, the gross carrying amount of intangible assets which had been fully depreciated and were still in use was equal to KZT 61,797,365 thousand (31 December 2023: KZT 68,741,862 thousand).

In 2023, the Group began developing its own digital products, which will be used by the Group and its clients in the future. As of 31 December 2024, the carrying amount of digital assets included in development costs was KZT 6,338,642 thousand. Costs capitalised as development costs meet the criteria for recognition as intangible assets under IAS 38.

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Joint ventures

The following joint venture have been included in these consolidated financial statements:

			31 December 2024		31 December 2023	
In thousands of tenge	**Principal activities**	**Country of incorporation**	**Carrying amount**	**Ownership**	Carrying amount	Ownership share
Caspinet B.V.	Services	Netherlands	**188,659**	**50%**	–	–
			188,659	**50%**	–	–

In 2023, in accordance with the intergovernmental agreement between the Republic of Azerbaijan and the Republic of Kazakhstan, Azertelecom INT LLC and Kazakhtelecom JSC signed a cooperation agreement with the purpose of establishing and managing Caspinet B.V., a joint venture. This entity will construct, operate and own the fiber-optic cable between Azerbaijan and Kazakhstan along the bottom of the Caspian Sea.

On 22 August 2023, based on the intergovernmental agreement Caspinet B.V. was registered in accordance with Dutch law. The Group has 50% interest in Caspinet B.V.

In 2024, the Group contributed KZT 424.918 thousand to Caspinet B.V.'s charter capital. In 2024, the Group's share of Caspinet B.V.'s loss was KZT 236.259 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (continued)

Associates

As at 31 December 2022, the Group had a 49% interest in QazCloud LLP, a service company providing IT infrastructure maintenance services. The Group's interest in QazCloud LLP was accounted for using the equity method in the consolidated financial statements. On 20 September 2022, the Board of Directors of Kazakhtelecom JSC decided to sell 49% of share of QazCloud LLP through a public tender. On 26 December 2022, the tender winner was selected, with the selling price of KZT 4,590,010 thousand; however, the transaction required the Parent's approval. Investment in QazCloud LLP was classified as assets held for sale from 20 September 2022, and the use of the equity method was discontinued. On 3 March 2023, Kazakhtelecom JSC received approval of the sale of 49% of share in QazCloud LLP to Daneker Sala LLP at a price of KZT 4,544,676 thousand, and the agreement was signed on 20 March 2023. On 28 March 2023, Kazakhtelecom JSC received the full amount of payment. During 2023, QazCloud LLP paid dividends of KZT 50,219 thousand to the Group. The gain on the sale of the share in QazCloud LLP was KZT 876,945 thousand; it was recorded within operating income in the consolidated statement of comprehensive income.

11. IMPAIRMENT TESTING

Goodwill

For impairment testing, goodwill acquired through business combinations was allocated to three cash-generating units ("CGUs") ("IP TV", "Kcell JSC" and "Mobile Telecom-Service LLP").

IP TV CGU is part of the fixed telecommunications segment, while Kcell JSC and Mobile Telecom-Service LLP are a part of the mobile telecommunication segment.

Goodwill relates to the assembled workforce and synergy from integration of the acquired subsidiaries into the Group. The carrying amount of goodwill allocated to each of CGUs was as follows:

In thousands of tenge	**2024**	2023
Mobile Telecom-Service LLP* (*Note 41*)	**–**	96,205,967
Kcell JSC	**53,489,943**	53,489,943
IP TV	**2,706,335**	2,706,335
	56,196,278	152,402,245

* *As at 31 December 2024, goodwill attributable to Mobile Telecom-Service LLP was reclassified to assets held for sale (Note 41).*

The Group performed its annual impairment test in December 2024 and 2023.

Impairment test

Pursuant to IAS 36, goodwill and other intangible assets with indefinite useful lives and intangible assets not yet brought into use must be tested for impairment annually or more often if indicators of impairment exist. Other assets are tested for impairment when circumstances indicate that there may be a potential impairment.

For the purpose of the impairment testing, the Group assessed the recoverable amount of each cash-generating unit to which goodwill was allocated or where indicators of impairment were identified.

The Group determined that the fact that, as at 31 December 2024, the Group's net assets were higher than the market capitalisation as an indicator of impairment and performed an impairment test. In 2023, in line with the previous years, the impairment test was performed as at 31 December. Since there were impairment indicators, the impairment test for the Group was performed for each separate cash generating unit (CGU). Accordingly, the Group tested its CGU "Kazakhtelecom JSC". The impairment test identified that the recoverable amount of non-current assets was higher than the carrying amount of the Group's assets.

In 2024, the recoverable amounts of all cash generating units were determined based on the value-in-use calculation. This valuation technique uses cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting the time value of money and risks associated with respective cash-generating units. For the periods not covered by the management's business plans, terminal value is used. The terminal value is calculated based on the cash flow projections by extrapolating the results of the respective business plans using a zero real growth rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. IMPAIRMENT TESTING (continued)

Impairment test (continued)

Estimation of future cash flows requires assumptions to be made in respect to uncertain factors, including management expectations in relation to Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) margin, timing and amount of capital expenditures, terminal growth rates and appropriate discount rates to reflect the risks involved. Therefore, EBITDA margin and capital expenditures used for value-in-use calculation are primarily derived from internal sources, based on past experience and extended to include management expectations. For the purposes of impairment testing, EBITDA is calculated as earnings before interest, taxation, depreciation and amortisation measured on the basis consistent with IFRS consolidated financial statements.

The table below presents EBITDA margin applied for value-in-use calculation of related CGUs:

In thousands of tenge	**2024**	2023
Kcell JSC	**36.78%–48.38%**	37.3%–45.7%
IP TV	**5%–10.8%**	2%–7%
Kazakhtelecom JSC	**25.07%**	23.5%–24.3%

The table below presents capital expenditure as a percentage of revenue applied for value-in-use calculations of related CGUs:

In thousands of tenge	**2024**	2023
Kcell JSC	**18.4%**	18.0%
IP TV	**0.0%**	1.0%
Kazakhtelecom JSC	**13.0 %**	10.9%

The table below presents terminal growth rates applied for value-in-use calculations of related CGUs:

In thousands of tenge	**2024**	2023
Kcell JSC	**4.10%**	3.20%
IP TV	**0.00%**	5.00%
Kazakhtelecom JSC	**4.10%**	5.00%

The table below presents pre-tax rates for the discounting of cash flows in functional currencies of related CGUs:

In thousands of tenge	**2024**	2023
Kcell JSC	**15.24%**	13.88%
IP TV	**15.03%**	15.41%
Kazakhtelecom JSC	**16.24%**	15.41%

Sensitivity to changes in assumptions – IP TV and Kcell

Reasonably possible changes in EBITDA margin, growth rate beyond the forecast period and discount rates do not lead to additional impairment at IP TV and Kcell.

Sensitivity to changes in assumptions – Kazakhtelecom

The calculation of value-in-use for Kazakhtelecom CGU is most sensitive to the following assumptions:

- EBITDA margin included in the financial plan;
- Growth rate for cash flow extrapolation beyond the forecast period;
- Discount rate.

EBITDA margin

The decrease in EBITDA margin by 0.5% from 25.07% to 24.57% gradually in the forecast period would result in the loss from impairment in Kazakhtelecom CGU of KZT 10,158,897 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. IMPAIRMENT TESTING (continued)

Sensitivity to changes in assumptions – Kazakhtelecom (continued)

Growth rates

The decrease in the growth rates by 0.2% from 4.1% to 3.9% in the terminal period would result in the loss from impairment in Kazakhtelecom CGU for KZT 1,547,513 thousand.

Discount rate

The increase in the discount rates by 0.5% from 16.24% to 16.74% would result in the loss from impairment in Kazakhtelecom CGU for KZT 10,958,509 thousand.

12. OTHER NON-CURRENT FINANCIAL ASSETS

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

In thousands of tenge	**2024**	2023
Long-term receivables	**5,404,174**	1,522,938
Loans to employees	**2,309,369**	2,717,964
Long-term deposit	**1,121,769**	1,283,649
Other	**249,770**	342,983
	9,085,082	5,867,534
Less: allowance for expected credit losses	**(110,184)**	(110,184)
	8,974,898	5,757,350

The other non-current financial assets are presented in tenge.

The movements in the allowance for expected credit losses were as follows for the years ended December 31:

In thousands of tenge	**2024**	2023
Allowance for expected credit losses at the beginning of the year	**(110,184)**	(110,184)
Allowance for expected credit losses at the end of the year	**(110,184)**	(110,184)

As at 31 December 2024, the balance of long-term receivables of KZT 5,404,174 thousand (2023: KZT 1,522,938 thousand) was represented by sale agreements with customers for the purchase of contract phones with the period of deferred payments of 18 to 24 months. These long-term receivables were discounted as at market interest rate of 17%–23%.

The loans to employees are interest free loans provided for the period of more than 1 year and up to 15 years. The employees are entitled to interest free loans only if they are employed by the Company. In case of the dismissal of the employee, the Company has a right to request full repayment of the loan. The loans were discounted as at the date of provision using market interest rates and the difference between the fair value and the nominal amount was recognised as deferred expenses for employees (*Notes 13 and 19*) in the consolidated statement of financial position. As at 31 December 2024, the non-amortised balance of deferred expenses for employees was KZT 4,792,197 thousand (31 December 2023: KZT 4,423,561 thousand).

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

During 2024, the Group placed several long-term deposits with Halyk Bank of Kazakhstan JSC for the total amount of KZT 77,000 thousand (2023: KZT 694,932 thousand) with the maturity date in 2039 and an interest rate of 0.1% per annum (2023: 0.1%). The employees are entitled to interest free loans from the bank secured by the deposit only if they are employed by the Company. In case of the dismissal of the employee, the Company has a right to request full repayment of the loan. These bank deposits were discounted as at the date of placement using market interest rates and the difference between the fair value and the nominal amount was recognised as deferred expenses for employees (*Notes 13 and 19*) in the consolidated statement of financial position.

During 2024, the Group withdrew KZT 424,323 thousand from deposits. (2023: a withdrawal of KZT 810,299 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. OTHER NON-CURRENT NON-FINANCIAL ASSETS

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

In thousands of tenge	**2024**	2023
Deferred connection cost of operators	**6,537,982**	6,346,624
Deferred expenses for employees (*Note 12*)	**4,230,713**	3,832,141
Other	**973,369**	624,442
	11,742,064	10,803,207

14. INVENTORIES

As at 31 December 2024 and 2023, inventories comprised:

In thousands of tenge	**2024**	2023
Goods for resale at the lower of cost and net realisable value	**10,571,441**	12,347,563
Cable materials at cost	**2,040,305**	2,084,775
Fuel at cost	**499,972**	521,168
Raw and other materials at cost	**883,224**	982,480
Spare parts at cost	**448,101**	441,263
	14,443,043	16,377,249

During 2024, the amount of KZT 422,646 thousand (2023: KZT 790,159 thousand) was recognised as expenses in respect of inventories recorded at the net realisable value. In 2024, this amount was recorded within the item "General and administrative expenses" in the consolidated statement of comprehensive income.

15. TRADE RECEIVABLES

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

In thousands of tenge	**2024**	2023
Trade receivables	**56,948,872**	63,179,413
	56,948,872	63,179,413
Less: allowance for expected credit losses	**(14,409,783)**	(12,423,599)
	42,539,089	50,755,814

The movements in the allowance for expected credit losses were as follows for the years ended 31 December:

In thousands of tenge	**2024**	2023
Allowance for expected credit losses at the beginning of the year	**(12,423,599)**	(12,996,108)
Charge for the year (*Note 45*)	**(3,672,190)**	(10,516,790)
Assets held for sale (*Note 41*)	**1,455,100**	-
Write-off for the year	**230,906**	11,089,299
Allowance for expected credit losses at the end of the year	**(14,409,783)**	(12,423,599)

As at 31 December 2024, the information about the credit risk exposure on the Group's trade receivables is presented using a matrix of reserves as follows:

In thousands of tenge	**Current**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**121 to 360 days**	**Over 360 days**	**Total**
				Days past due				
Estimated credit loss rate	**1.00%**	**5.00%**	**6.00%**	**13.00%**	**23.00%**	**48.00%**	**100%**	
Estimated total gross carrying amount at default	**30,700,586**	**3,455,628**	**3,494,746**	**1,513,066**	**975,707**	**6,541,230**	**10,267,909**	**56,948,872**
Expected credit losses	**(185,367)**	**(178,179)**	**(217,849)**	**(200,578)**	**(227,427)**	**(3,132,474)**	**(10,267,909)**	**(14,409,783)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. TRADE RECEIVABLES (continued)

As at 31 December 2023, the information about the credit risk exposure on the Group's trade receivables is presented using a matrix of reserves as follows:

In thousands of tenge	**Current**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**121 to 360 days**	**Over 360 days**	**Total**
				Days past due				
Estimated credit loss rate	0.59%	3.70%	12.28%	21.69%	19.38%	44.50%	100%	
Estimated total gross carrying amount at default	37,592,094	4,964,687	2,932,936	1,875,032	1,287,736	6,350,750	8,176,178	63,179,413
Expected credit losses	(221,793)	(183,693)	(360,165)	(406,694)	(249,563)	(2,825,513)	(8,176,178)	(12,423,599)

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

In thousands of tenge	**2024**	2023
Tenge	**39,457,309**	45,965,387
US dollar	**2,902,600**	4,462,789
Euro	**165,162**	304,893
Russian rouble	**8,890**	16,368
Other currencies	**5,128**	6,377
	42,539,089	50,755,814

16. ADVANCE PAYMENTS

As at 31 December 2024 and 2023, advance payments comprised:

In thousands of tenge	**2024**	2023
Advances paid	**4,362,804**	10,049,585
Less: allowance for impairment	**(522,745)**	(354,497)
	3,840,059	9,695,088

The movements in the allowance for impairment were as follows for the years ended 31 December:

In thousands of tenge	**2024**	2023
Allowance for impairment at the beginning of the year	**(354,497)**	(5,719)
Accrual for the year	**(511,864)**	(385,726)
Assets held for sale (*Note 41*)	**343,616**	36,948
Allowance for impairment at the end of the year	**(522,745)**	(354,497)

As at 31 December 2024 and 2023, advances paid for short-term assets were given to contractors for services and delivery of inventories for the Group's operational activities.

17. OTHER CURRENT FINANCIAL ASSETS

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

In thousands of tenge	**2024**	2023
Bank deposits	**3,687,006**	3,503,379
Loans to employees (*Note 12*)	**1,656,288**	1,800,016
Restricted cash	**905,141**	912,769
Due from employees	**491,084**	494,924
Other receivables	**3,037,680**	3,660,451
	9,777,199	10,371,539
Less: allowance for expected credit losses	**(5,028,227)**	(5,091,480)
	4,748,972	5,280,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. OTHER CURRENT FINANCIAL ASSETS (continued)

As at 31 December 2024 and 2023, 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.

Restricted cash is cash on accounts with Kazinvestbank JSC and Eximbank Kazakhstan JSC in the amount of KZT 405,687 thousand and KZT 499,454 thousand, respectively, which are assessed as unlikely to be recovered due to the revocation of banking licenses. The provision for expected credit losses was taken into account for the entire amount of these funds.

During 2024, the Group placed bank deposits with an initial maturity of more than 3 (three) months but less than 12 (twelve) months in Russian rubles with Sberbank of Russia PJSC at an interest rate of 16.62% to 19.62% in the amount of KZT 140,642 thousand.

The movements in the allowance for expected credit losses were as follows for the years ended 31 December:

In thousands of tenge	**2024**	2023
Allowance for expected credit losses at the beginning of the year	**(5,091,480)**	(5,192,904)
(Accrued)/Reversed for the year (*Note 45*)	**(75,335)**	65,659
Write-off for the year	**37,568**	35,765
Assets held for sale (*Note 41*)	**101,020**	–
Allowance for expected credit losses at the end of the year	**(5,028,227)**	(5,091,480)

As at 31 December 2024 and 2023, other current financial assets were denominated in the following currencies:

In thousands of tenge	**2024**	2023
Tenge	**4,556,552**	4,738,056
US dollar	**51,778**	438,124
Russian rouble	**140,642**	103,879
	4,748,972	5,280,059

18. FINANCIAL ASSETS AT AMORTISED COST

During 2024, the Group acquired U.S. treasury discount bills of KZT 83,546,765 thousand (2023: KZT 154,705,538 thousand).

During 2024, the Group redeemed U.S. treasury bills with the nominal value of KZT 109,938,227 thousand and interest income of KZT 1,022,246 thousand (2023: nominal value of KZT 111,210,398 thousand and interest income of KZT 2,174,455 thousand).

In 2023, the Group acquired short-term discount notes of the NBRK (the "NBRK") at the purchase price of KZT 40,544,740 thousand. In 2023, short-term notes of the NBRK with the nominal value of KZT 55,357,750 thousand and the interest income of KZT 743,689 thousand were redeemed.

As at 31 December 2024 and 2023, the financial assets at amortised cost comprised:

In thousands of tenge	**Maturity date**	**Yield to maturity**	**Nominal value**	**31 December 2024**	31 December 2023
US Treasury bills	23 January 2025	4.29%	16,099,873	**16,054,712**	–
US Treasury bills	23 January 2025	4.51%	5,321,990	**5,276,444**	–
US Treasury bills	25 January 2024	5.38%	11,769,468	**–**	11,679,960
US Treasury bills	25 January 2024	5.30%	18,274,221	**–**	18,181,790
US Treasury bills	25 January 2024	5.33%	15,974,148	**–**	15,909,063
			67,439,700	**21,331,156**	45,770,813

The Group recognised the financial assets at amortised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. OTHER CURRENT NON-FINANCIAL ASSETS

As at 31 December, other current non-financial assets comprised the following:

In thousands of tenge	**2024**	2023
Deferred connection cost of operators	**1,903,465**	1,662,375
Taxes prepaid other than corporate income tax	**1,496,442**	3,762,458
Deferred expenses for employees (*Note 12*)	**561,484**	591,420
VAT recoverable	**444,102**	3,789,491
Other	**3,846,875**	3,349,885
	8,252,368	13,155,629

20. CASH AND CASH EQUIVALENTS

As at 31 December, cash and cash equivalents comprised:

In thousands of tenge	**2024**	2023
Deposits with less than 90 days' maturity from the date of opening	**20,884,217**	65,453,268
Cash on current bank accounts	**3,589,667**	5,520,606
Cash on hand	**7,069**	14,263
	24,480,953	70,988,137
Less: allowance for expected credit losses	**(1,003)**	(3,399)
	24,479,950	70,984,738

In 2024, cash on current bank accounts earned interest at the rates ranging from 0.5% to 12% per annum (2023: 0.5% to 12% per annum).

Short-term bank deposits earned interest at the rates ranging from 3% to 14.90% (as at 31 December 2023: 3% to 15.25%).

At 31 December, cash and cash equivalents were denominated in the following currencies:

In thousands of tenge	**2024**	2023
US dollar	**12,160,871**	41,840,133
Tenge	**12,306,592**	28,866,082
Euro	**273**	202,685
Russian rouble	**12,214**	35,545
Other	**–**	40,293
	24,479,950	70,984,738

The movements in the allowance for expected credit losses were as follows for the years ended 31 December:

In thousands of tenge	**2024**	2023
Allowance for expected credit losses at the beginning of the year	**(3,399)**	(10,646)
Restored for the year (*Note 45*)	**2,396**	7,247
Allowance for expected credit losses at the end of the year	**(1,003)**	(3,399)

For the purpose of the statement of cash flows, cash and cash equivalents comprised the following:

In thousands of tenge	**2024**	2023
Deposits with less than 90 days' maturity from the date of opening	**20,884,217**	65,453,268
Cash on current bank accounts related to discontinued operation (*Note 41*)	**51,159,188**	–
Cash on current bank accounts	**3,589,667**	5,520,606
Cash on hand	**7,069**	14,263
	75,640,141	70,988,137
Less: allowance for expected credit losses	**(1,003)**	(3,399)
Total cash and cash equivalents	**75,639,138**	70,984,738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. EQUITY

Authorised and issued shares

	Number of shares		**In thousands of tenge**		
	Common shares	**Preferred non-voting shares**	**Common shares**	**Preferred non-voting shares**	**Total issued shares**
At 31 December 2023	10,922,876	1,213,653	10,922,876	1,213,653	12,136,529
At 31 December 2024	**10,922,876**	**1,213,653**	**10,922,876**	**1,213,653**	**12,136,529**

Treasury shares

	Number of shares		**In thousands of tenge**		
	Common shares	**Preferred non-voting shares**	**Common shares**	**Preferred non-voting shares**	**Total**
At 31 December 2023	216,852	914,868	3,052,617	4,012,997	7,065,614
At 31 December 2024	**216,852**	**914,868**	**3,052,617**	**4,012,997**	**7,065,614**

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 89,636 thousand were accrued as at 31 December 2024 (at 31 December 2023: KZT 89,636 thousand) and are recorded as interest expenses in the consolidated statement of comprehensive income (*Note 38*).

On the basis of the decision taken at the annual general meeting of shareholders of Kazakhtelecom JSC of 30 April 2024, the Company declared dividends on preferred shares based on 2023 results in the amount of KZT 536,797 thousand and dividends on common shares in the amount of KZT 22,446,250 thousand (2023: KZT 818,181 thousand and KZT 32,528,755 thousand, respectively).

The movements in dividends payable for the years ended 31 December were as follows:

In thousands of tenge	**2024**	2023
Dividends payable at the beginning of the year	**42,392**	17,573
Dividends declared on common shares to equity holders of the Parent	**22,446,250**	32,528,755
Dividends declared on preferred shares in excess of the obligatory amount	**536,797**	818,181
Interest on debt component of preferred shares (*Note 38*)	**89,636**	89,636
Dividends paid to equity holders of the Parent	**(23,097,502)**	(33,411,753)
Dividends payable at the end of the year (*Note 28*)	**17,573**	42,392

During 2024, the Group paid withholding tax on dividends in the amount of KZT 26,830 thousand (2023: KZT 38,960 thousand).

Other reserves

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

Foreign currency translation reserve

The foreign currency translation reserve is used to recognise 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 consolidated financial statements in accordance with the accounting policy disclosed in *Note 3*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. EQUITY (continued)

Earnings per share

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

In thousands of tenge	**2024**	2023
Net profit from continuing operations	**21,094,711**	25,313,055
Net profit from discontinued operation	**53,090,340**	67,753,989
Net profit	**74,185,051**	93,067,044
Interest on convertible preferred shares (*Note 38*)	**89,636**	89,636
Net profit for calculation of basic and diluted earnings per share	**74,274,687**	93,156,680
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	**6,749.29**	8,465.09
Net profit from discontinued operation attributable to common equity holders of the Parent for calculation of basic and diluted earnings per share	**53,090,340**	67,753,989
Basic and diluted, profit from discontinued operation for the reporting year attributable to equity holders of the Parent, tenge	**4,824.29**	6,156.76
Net profit from continuing operations attributable to common equity holders of the Parent for calculation of basic and diluted earnings per share	**21,184,347**	25,402,691
Basic and diluted, profit from continuing operations for the reporting year attributable to equity holders of the Parent, tenge	**1,925.01**	2,308.33

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

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

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

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

In thousands of tenge	**2024**	2023
Total assets	**1,643,421,177**	1,483,000,341
Less: intangible assets, including goodwill	**229,831,809**	494,391,460
Less: total liabilities	**788,574,805**	679,338,004
Less: nominal value of preferred shares issued net of treasury shares	**298,785**	298,785
Net assets for calculation of the cost of a common share in accordance with the listing requirements of KASE	**624,715,778**	308,972,092
Number of common shares	**10,706,024**	10,706,024
Cost of one common share, calculated in accordance with the requirements of KASE (in tenge)	**58,352**	28,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. EQUITY (continued)

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

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

Another requirement for disclosure is the amount of the dividends payable to the owners of preferred non-voting shares. The carrying amount 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. According to the methodology of KASE, the dividends payable on preferred shares, which are not paid due to the lack of up-to-date information about the shareholders, their payment details, are not taken into account. As at 31 December 2024, this indicator was KZT 16,772 (as at 31 December 2023: KZT 21,473).

22. BORROWINGS

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

In thousands of tenge	**Weighted average effective interest rate**	**2024**	Weighted average effective interest rate	2023
Borrowings with a fixed interest rate	**10.82%**	**28,118,588**	15.90%	168,557,967
Bonds with a fixed interest rate	**13.95%**	**139,409,150**	11.85%	122,833,631
Bonds with a variable interest rate	**15.86%**	**128,691,290**	–	–
		296,219,028		291,391,598

The borrowings are repayable as follows:

In thousands of tenge	**2024**	2023
Current portion of loans	**152,981,863**	80,589,678
Maturity between 1 and 2 years	**84,970,838**	46,839,056
Maturity between 2 and 5 years	**51,657,995**	155,473,741
Maturity over 5 years	**6,608,332**	8,489,123
Total non-current portion of borrowings	**143,237,165**	210,801,920
Total borrowings	**296,219,028**	291,391,598

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. BORROWINGS (continued)

As at 31 December 2024 and 2023, the borrowings were represented by the following:

Borrowings	**Maturity date**	**Currency**	**Effective interest rate**	**2024**	2023
Halyk Bank Kazakhstan JSC					
- Credit line agreement KS 02-19-06					
- Borrowing agreement KD 02-19-06-01	21-May-27	Tenge	12.2%	–	36,955,885
- Credit line agreement KS 02-23-05				–	
- Borrowing agreement KD 02-23-05-01	15-Sep-26	Tenge	20.1%	–	992,321
- Borrowing agreement KD 02-23-05-02	21-Sep-26	Tenge	20.1%	–	2,805,767
- Borrowing agreement KD 02-23-05-02	16-Nov-26	Tenge	19.5%	–	2,566,437
- Credit line agreement KS 02-23-40				–	
- Borrowing agreement KD 02-23-40-01	20-Nov-24	Tenge	19.5%	–	10,113,333
- Credit line agreement KS 02-23-06				–	
- Borrowing agreement KD 02-23-06-8	8-Sep-26	Tenge	20.1%	–	17,139,778
- Borrowing agreement KD 02-23-06-9	29-Sep-26	Tenge	20.2%	–	5,755,910
- Borrowing agreement KD 02-23-06-10	13-Oct-26	Tenge	19.5%	–	975,141
- Borrowing agreement KD 02-23-06-11	26-Oct-26	Tenge	19.5%	–	5,027,218
- Borrowing agreement KD 02-23-06-12	2-Nov-26	Tenge	19.5%	–	824,400
- Borrowing agreement KD 02-23-06-13	3-Nov-26	Tenge	19.5%	–	998,130
- Borrowing agreement KD 02-23-06-14	16-Nov-26	Tenge	19.5%	–	818,000
- Borrowing agreement KD 02-23-06-15	23-Nov-26	Tenge	19.5%	–	5,655,450
- Borrowing agreement KD 02-23-06-16	23-Nov-26	Tenge	19.5%	–	957,860
- Borrowing agreement KD 02-23-06-17	30-Nov-26	Tenge	19.2%	–	2,639,740
- Borrowing agreement KD 02-23-06-18	30-Nov-26	Tenge	19.2%	–	826,899
- Borrowing agreement KD 02-23-06-19	7-Dec-26	Tenge	19.2%	–	992,563
- Borrowing agreement KD 02-23-06-20	14-Dec-26	Tenge	19.2%	–	1,774,752
- Borrowing agreement KD 02-23-06-21	22-Dec-26	Tenge	19.2%	–	4,419,525
- Borrowing agreement KD 02-23-06-22	22-Dec-26	Tenge	19.2%	–	2,149,496
- Borrowing agreement KD 02-23-06-23	28-Dec-26	Tenge	19.2%	–	2,303,402
- Borrowing agreement KD 02-23-06-24	28-Dec-26	Tenge	19.2%	–	1,001,479
Development Bank of Kazakhstan JSC					
- Credit line agreement 39-CM-A/05-02					
- Borrowing agreement ДБЗИ 164-A/05-02	19-Dec-24	Tenge	7.12%	–	2,852,241
- Credit line agreement 40-CM-A/05-02					
- Borrowing agreement ДБЗИ 215-A/05	19-Dec-24	Tenge	7.12%	–	1,881,410
- Credit line agreement CM-170-19					
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	**5,003,124**	4,916,402
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	**4,282,827**	4,818,181
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	**3,587,124**	4,035,513
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	**3,677,713**	4,137,427
- Borrowing agreement ДБЗИ 215-A/05	30-Jun-32	Tenge	8%	**1,354,239**	1,416,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. BORROWINGS (continued)

Borrowings	Maturity date	Currency	Effective interest rate	2024	2023
SB Bank of China Kazakhstan JSC					
- Credit line agreement #232001					
- Tranche #1	25-Dec-26	Tenge	17.5%	**6,213,562**	6,200,000
- Credit line agreement #192004					
- Tranche #1	1-Jun-24	Tenge	10.85%	–	2,094,806
- Tranche #2	23-Feb-2026	Tenge	17.8%	–	3,000,000
- Tranche #3	23-Feb-2026	Tenge	17.8%	–	10,000,000
Nurbank JSC					
- Credit line agreement #10/23-00					
- Borrowing agreement 1-10/23-00	8-Sep-2026	Tenge	18.7%	**3,999,999**	15,000,000
First Heartland Jusan Bank JSC	10-Nov-2024	Tenge	11.624%	–	512,351
				28,118,588	168,557,967

Halyk Bank Kazakhstan JSC

Credit line agreement KS 02-19-06

During 2024, the Group repaid the principal of KZT 10,428,192 thousand and interest of KZT 3,920,856 thousand (2023: KZT 10,428,192 thousand and KZT 5,118,432 thousand, respectively).

As at 31 December 2024, under the loan, the outstanding principal amount of KZT 26,070,483 thousand and the interest of KZT 344,782 thousand were reclassified to the liabilities held for sale (*Note 41*).

Credit line agreement KS 02-23-05

On 14 February 2023, the Group opened a non-revolving credit line with the limit of KZT 40,000,000 thousand in Halyk Bank of Kazakhstan JSC in order to finance capital expenditures. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 2% (two per cent) per annum on the amount of the loan, the term of the credit line is 60 months, the term of tranches is up to 36 months, without collateral.

During 2024, the Group repaid the principal amount of KZT 2,207,764 thousand and the interest of KZT 1,015,121 thousand (2023: KZT 342,982 thousand and KZT 192,470 thousand, respectively). The repayment period is 36 months from the date of financing. As at 31 December 2024, under the loan, the outstanding principal amount of KZT 4,072,546 thousand and the interest of KZT 52,610 thousand were reclassified to the liabilities held for sale (*Note 41*).

Credit line agreement KS 02-23-40

On 17 November 2023, the Group opened a renewed credit line for the amount of KZT 20,000,000 thousand in Halyk Bank of Kazakhstan JSC in order to finance general corporate expenses and replenish working capital. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 2% (two per cent) per annum, the term of the credit line is 36 months, the term of tranches is up to 24 months, without collateral.

During 2023, the Group received KZT 10,000,000 thousand under this credit line. No principal amount or interest were repaid. During 2024, the Group fully repaid the principal amount of KZT 10,000,000 thousand and the interest of KZT 1,142,500 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. BORROWINGS (continued)

Halyk Bank Kazakhstan JSC (continued)

Credit line agreement KS 02-23-06

In February 2023, the Group signed an agreement on non-revolving credit line with Halyk Bank of Kazakhstan JSC with the limit of KZT 50,000,000 thousand to finance capital expenditures. The interest rate on this credit line is equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issue of the loan plus 2% (two per cent) per annum, the term of the credit line is 24 months, the term of tranches is up to 36 months, without collateral.

In September 2023, the Group signed an addendum to the existing credit line agreement and extended the limit to KZT 90,500,000 thousand with a revolving limit of KZT 40,500,000 thousand to replenish working capital. During 2023, the Group received tranches within the credit line in the amount of KZT 82,761,000 thousand. During 2024, the Group received KZT 43,976,550 thousand additionally, repaid the principal amount of KZT 97,581,000 thousand and the interest of KZT 5,838,431 thousand (2023: KZT 29,157,000 thousand and KZT 2,847,683 thousand, respectively).

Development Bank of Kazakhstan JSC

Credit line agreement 39-CM-A/05-02

During 2024, the Group repaid the principal amount of KZT 2,846,154 thousand and the interest of KZT 149,423 thousand (during 2023: KZT 2,846,154 thousand and KZT 348,654 thousand, respectively).

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

During 2024, the Group repaid the principal amount of KZT 1,819,545 thousand and the interest of KZT 155,420 thousand (during 2023: KZT 1,213,032 thousand and KZT 244,881 thousand, respectively).

Credit line agreement CM-170-19

During 2024, the Group repaid the principal amount of KZT 2,133,333 thousand and the interest of KZT 1,347,734 thousand (during 2023: KZT 2,133,333 thousand and KZT 1,502,187 thousand, respectively).

SB Bank of China Kazakhstan JSC

Credit line agreement #232001

On 24 January 2024, the Group early repaid its debt of KZT 6,200,000 thousand and the interest of KZT 78,361 thousand under the credit line agreement entered into with Bank of China Kazakhstan JSC.

On 24 January 2024, the Group received a loan in the amount of KZT 6,200,000 thousand under the same credit line agreement with Bank of China Kazakhstan JSC, with the maturity of 3 years, until 25 December 2026, and the interest rate of 15.75%. On 28 February 2024, the loan was early repaid in full and the interest of KZT 92,225 was paid.

On 1 March 2024, the Group received a loan in the amount of KZT 6,200,000 thousand under the same credit line agreement with Bank of China Kazakhstan JSC, with the maturity of 3 years and the interest rate of 15.25%. On 1 April 2024, the loan was early repaid in full and the interest of KZT 81,418 was paid.

On 26 December 2024, the Group received a loan in the amount of KZT 6,200,000 thousand under the same credit line agreement with Bank of China Kazakhstan JSC, with the maturity of 2 years and the interest rate of 15.75%.

Credit line agreement #192004

During 2023, the Group received a loan for KZT 13,000,000 thousand under the credit line agreement with SB Bank of Chinawith the maturity of 36 months and a fixed interest rate of 17.25% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. BORROWINGS (continued)

SB Bank of China in Kazakhstan JSC (continued)

Credit line agreement #192004 (continued)

In June 2024, the Group repaid the principal amount of KZT 2,000,000 thousand and the interest of KZT 104,144 thousand for the term of 36 months at the rate of 11.10% per annum (2023: the interest of KZT 208,861 thousand). In September 2024, the Group repaid the principal amount of KZT 13,000,000 thousand and the interest of KZT 1.503.021 thousand for the term of 36 months at the rate of 17.10% per annum (2023: the interest of KZT 1,139,938 thousand).

During 2024, the Group received a loan for KZT 15,000,000 thousand with the maturity of 36 months at the rate of 15.80% per annum.

During 2024, the Group repaid the principal amount of KZT 15,000,000 thousand and the interest of KZT 255,544 thousand under the loan.

Nurbank JSC

Credit line agreement #10/23-00

During 2024, the Group received a loan in the amount of KZT 19,200,000 thousand from Nurbank JSC. The effective interest rate on the loan is 15.52% per annum. The loan matures on 8 September 2026.

In December 2024, the Group received a loan in the amount of KZT 4,000,000 thousand from Nurbank JSC. The effective interest rate on the loan is 17.00% per annum. The loan matures on 8 September 2026.

During 2024, the Group repaid the principal amount of KZT 34,200,000 thousand and the interest of KZT 1,937,801 thousand under the loan.

First Heartland Jusan Bank JSC

In July 2024, the Group repaid the principal amount of KZT 34,200,000 thousand and the interest of KZT 1,937,801 thousand under the loan.

Debt securities

As at 31 December 2024 and 31 December 2023, the debt securities issued were represented by the following:

Bonds	Maturity date	Currency	Effective interest rate	2024	2023
Local bonds of Kazakhtelecom JSC (KZTKb4)	June 2026	Tenge	11.86%	**80,280,087**	80,261,964
Local bonds of Kazakhtelecom JSC (KTCB2.1227)	December 2027	Tenge	15.75%	**59,129,063**	–
Local bonds of Kcell JSC	September–October 2025	Tenge	15.75%	**45,784,792**	–
Local bonds of Kazakhtelecom JSC (KTCB2.1227)	November 2027	Tenge	14.75%	**42,052,713**	–
Local bonds of Kcell JSC	June 2025	Tenge	15.25%	**25,282,118**	–
Local bonds of Kcell JSC	April 2027	Tenge	15.25%	**15,571,667**	–
Local bonds of Kazakhtelecom JSC (KTCB.1024) *(Note 44)*	November 2024	Tenge	11.84%	–	42,571,667
				268,100,440	122,833,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. BORROWINGS (continued)

Debt securities (continued)

Local bonds of Kazakhtelecom JSC (KZTKb4)

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

During 2024, the Group paid the coupon of KZT 9,199,999 thousand (2023: KZT 9,200,000 thousand).

Local bonds of Kazakhtelecom JSC (KTCB.1024)

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

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

On 1 November 2024, the Group fully redeemed its bonds KTCB.1024 placed on the stock exchange of Astana International Exchange Ltd in November 2018 due to their maturity. The total amount of the redeemed bonds was KZT 41,000,000 thousand, the amount of consideration paid was KZT 5,500,834 thousand (2023: the interest of KZT 4,715,000 thousand).

Local bonds of Kazakhtelecom JSC (KTCB2.1227)

On 1 November 2024, the Group issued coupon bonds on the stock exchange of the Astana International Financial Centre (AIX) for the total of KZT 41,000,000 thousand at the interest rate of 14.75% and with the maturity date in November 2027. The nominal value of one bond is one thousand tenge. Bonds on these issues were purchased by the Parent.

On 27 December 2024, the Group issued coupon bonds on the stock exchange of the Astana International Financial Centre (AIX) for the total of KZT 59,000,000 thousand at the interest rate of 15.75% and with the maturity date in December 2027. The nominal value of one bond is one thousand tenge. Bonds on these issues were purchased by the Parent.

Under the terms of the bond programme, the bond holder has the right to demand early redemption of the bonds on expiry of 12 months from the acquisition date. Therefore, the Group classified these bonds as current liabilities in the amount of KZT 100,000,000 thousand.

Local bonds of Kcell JSC

In March 2024, the Group approved the bond programme for the total of KZT 70,000,000 thousand on Astana International Exchange (Astana International Exchange JSC). Under this programme, in the first half of 2024, the Group issued two tranches of bonds with the nominal value of KZT 15,000,000 thousand and KZT 25,000,000 thousand with the floating interest rate (the coupon rate is calculated as the sum of the average arithmetical value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period and the fixed margin of 1%) and the maturity until June 2025 and April 2027, respectively. Under the terms of the first tranche of the bond programme in the amount of KZT 15,000,000 thousand, the bond holder has the right to demand early redemption of the bonds on expiry of 12 months from the acquisition date, which is 8 April 2024. Therefore, the Group classified these bonds as current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. BORROWINGS (continued)

Debt securities (continued)

Local bonds of Kcell JSC (continued)

In September 2024, the Group issued the third tranche of bonds with the nominal value of KZT 30,000,000 thousandwith the floating interest rate (the coupon rate is calculated as the sum of the average arithmetical value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period and the fixed margin of 0.5%) and the maturity until September 2027. In October 2024, the Group increased the bond programme for the total of KZT 100,000,000 thousand on Astana International Exchange (Astana International Exchange JSC). Under this programme, in October 2024, the Group issued the fourth tranche of bonds with the nominal value of KZT 15,000,000 thousandwith the floating interest rate (the coupon rate is calculated as the sum of the average arithmetical value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period and the fixed margin of 0.5%) and the maturity until October 2027.

Bonds on these issues were purchased by the Parent. During 2024, the Group repaid the interest of KZT 4,261,285 thousand.

Covenants

The Group's long-term loans include loans of KZT 143,237,165 thousand which contain covenants such that the failure to comply with them gives the lenders the right to demand early repayment of the loans. Otherwise, these loans are due for repayment beyond 12 months after the end of the reporting period.

As at 31 December 2024, the Group complied with all covenants that were required to be complied with not later than 31 December 2024. The covenants to be complied with after the end of the current period have no impact on the classification of the relevant loans as current or non-current as at the end of the current period. Therefore, all these loans continue to be classified as non-current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

In thousands of tenge	Buildings and constructions	Site for networks and equipment of base stations	Equipment	Total
Cost				
At 1 January 2023	21,146,369	49,637,069	42,848,491	113,631,929
Additions	3,677,328	7,806,101	–	11,483,429
Modifications (*Note 4*)	(2,033,389)	53,607,555	–	51,574,166
Transfer to property and equipment (*Note 8*)	416,869	–	(42,848,491)	(42,431,622)
Disposals	(766,006)	–	–	(766,006)
At 31 December 2023	22,441,171	111,050,725	–	133,491,896
Additions	**5,478,231**	**4,901,825**	**–**	**10,380,056**
Modifications (*Note 4*)	**3,168,300**	**6,690,421**	**–**	**9,858,721**
Assets held for sale (*Note 41*)	**(6,300,901)**	**(69,840,875)**	**–**	**(76,141,776)**
Disposals	**(3,373,307)**	**–**	**–**	**(3,373,307)**
At 31 December 2024	**21,413,494**	**52,802,096**	**–**	**74,215,590**
Accumulated depreciation				
At 1 January 2023	11,201,028	26,150,429	12,985,667	50,337,124
Depreciation charge	2,994,986	7,789,456	–	10,784,442
Transfer to property and equipment (*Note 8*)	(403,279)	–	(12,985,667)	(13,388,946)
Disposals	(538,031)	–	–	(538,031)
At 31 December 2023	13,254,704	33,939,885	–	47,194,589
Depreciation charge	**3,102,475**	**8,159,741**	**–**	**11,262,216**
Assets held for sale (*Note 41*)	**(4,901,391)**	**(25,755,367)**	**–**	**(30,656,758)**
Disposals	**(2,957,207)**	**–**	**–**	**(2,957,207)**
At 31 December 2024	**8,498,581**	**16,344,259**	**–**	**24,842,840**
Net book value				
At 31 December 2023	9,186,467	77,110,840	–	86,297,307
At 31 December 2024	**12,914,913**	**36,457,837**	–	**49,372,750**

During 2012 to 2019, the Group concluded finance lease agreements with Fit Leasing LLP for the rent of the equipment with further transfer of the rights of legal ownership after repayment of all lease payable under the agreements. The Group repaid all liabilities under agreements with Fit Leasing LLP in 2022 and received certificates of acceptance in 2023. Therefore, the Group reclassified equipment with the carrying amount of KZT 29,042,676 thousand to property and equipment.

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

In thousands of tenge	2024	2023
At the beginning of the year	**91,518,878**	40,825,884
Additions (*Note 45*)	**10,380,056**	11,483,429
Modifications (*Note 45*)	**9,858,721**	51,574,166
Disposals (*Note 45*)	**(728,245)**	(254,802)
Assets held for sale	**(52,433,787)**	–
Interest expenses (*Notes 45 and 38*)	**7,832,651**	5,255,697
Payment of interest (*Note 45*)	**(7,832,651)**	(5,255,697)
Payment of principal with cash (*Note 45*)	**(5,924,626)**	(12,109,799)
At the end of the year	**52,670,997**	91,518,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

In thousands of tenge	**As at 31 December 2024**	As at 31 December 2023
Non-current portion of lease liabilities	**47,051,485**	79,673,946
Current portion of lease liabilities	**5,619,512**	11,844,932

The following are the amounts recognised in profit and loss:

In thousands of tenge	**As at 31 December 2024**	As at 31 December 2023
Depreciation of right-of-use assets	**11,262,216**	10,784,442
Interest expense on lease liabilities (*Note 38*)	**7,832,651**	5,255,697
Expense relating to short-term leases and leases of low-value assets (included in cost of sales) (*Note 34*)	**4,645,040**	1,147,676
Expense relating to short-term leases (included in general and administrative expenses) (*Note 35*)	**401,115**	294,290
	24,141,022	17,482,105

In 2024, the Group had total cash outflows for leases of KZT 18,803,432 thousand, including cash outflow of KZT 5,046,155 thousand related to leases of low-value assets and short-term leases (2023: KZT 18,807,462 thousand and KZT 1,441,966 thousand, respectively).

24. EMPLOYEE BENEFIT OBLIGATIONS

State contribution plan

The Group pays social tax according to the current statutory requirements of the Republic of Kazakhstan. The social tax and salary accruals are recorded in expenses as incurred. In addition, the Group withholds 10% and 2% of the salary of employees paid as contributions of employees to the accumulating pension funds and as mandatory social health insurance, respectively. These expenses are recorded in the period when they were incurred.

Employee benefit obligations

As at 31 December, the total employee benefit obligations of the Group comprised the following:

In thousands of tenge	**2024**	2023
Present value of defined benefit pension plan obligations	**16,358,644**	14,959,697
Present value of obligations for other long-term payments	**143,552**	147,399
	16,502,196	15,107,096

A defined benefit pension plan provides for the fulfilment of obligations under the pension provision in accordance with the Collective Agreement concluded between the Company and employees. Other long-term payments include anniversaries, funeral payments, and others. The Group did not create a fund for such obligations.

A reconciliation of the present value of the defined benefit plan obligation was as follows for the years ended 31 December:

In thousands of tenge	**2024**	2023
Total liability at the beginning of the year	**14,959,696**	17,508,382
Current service cost	**832,345**	735,483
Interest expenses	**1,627,615**	1,736,831
Benefits paid during the year	**(3,548,565)**	(2,740,028)
Actuarial losses/(gains) recognised during the year within other comprehensive income	**2,487,553**	(2,280,971)
Total liability at the end of the year	**16,358,644**	14,959,697
Liability payable within one year	**(1,214,848)**	(1,181,307)
Liability payable after one year	**15,143,796**	13,778,390

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Employee benefit obligations (continued)

A reconciliation of the present value of the obligation for other long-term payments with defined benefits was as follows for the years ended 31 December:

In thousands of tenge	**2024**	2023
Total liability at the beginning of the year	**147,399**	742,004
Current service cost	**56,370**	57,056
Past service cost	**–**	84,244
Interest expenses	**16,036**	73,607
Benefits paid during the year	**(78,509)**	(72,981)
Actuarial losses/(gains) recognised during the year within profit and loss	**2,256**	(736,531)
Total liability at the end of the year	**143,552**	147,399
Liability payable within one year	**(59,054)**	(90,627)
Liability payable after one year	**84,498**	56,772

Actuarial (gains)/losses recognised in 2024 resulted primarily from changes in the assumptions relating to the discount rate and from historical adjustments (2023: resulted primarily from changes in the collective agreement).

The cost of current service, interest expenses and actuarial losses related to other benefits to employees in the total amount of KZT 2,534,622 thousand were recognised in the cost of sales and general and administrative expenses within personnel costs (2023: KZT 1,950,689 thousand) (*Notes 38 and 39*).

There were no unrecognised actuarial losses or past service costs.

The estimates of the liability were made on the basis of the published statistical data regarding mortality of employees and the actual Group's data concerning the number, age, gender and years of employee service. Other principal assumptions used in determining benefit obligations for the Group's plan were as follows:

	2024	2023
Discount rate	**11.40%**	10.88%
Expected rate of future annual minimum salary increases	**13.00%**	12.00%

As at 31 December 2024, the quantitative sensitivity analysis for significant assumptions was as follows:

	Discount rate		**Expected rate of future annual minimum salary increases**	
Sensitivity level	**Growth by 0.5%**	**Reduction by 0.5%**	**Growth by 1%**	**Reduction by 1%**
Impact on defined benefit plan obligations, in thousands of tenge	**(786,213)**	**863,538**	**1,103,666**	**(1,039,594)**

As at 31 December 2023, the quantitative sensitivity analysis for significant assumptions was as follows:

	Discount rate		**Expected rate of future annual minimum salary increases**	
Sensitivity level	Growth by 0.5%	Reduction by 0.5%	Growth by 1%	Reduction by 1%
Impact on defined benefit plan obligations, in thousands of tenge	(701,305)	770,278	984,475	(927,323)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. NON-CURRENT CONTRACT LIABILITIES

As at 31 December, non-current contract liabilities comprised:

In thousands of tenge	**2024**	2023
Liabilities under contracts with operators	**6,049,441**	3,241,662
Contract liabilities for connection of subscribers	**340,661**	351,833
Other contract liabilities	**2,815,338**	3,495,147
	9,205,440	7,088,642

The movements in contract liabilities as at 31 December were as follows:

In thousands of tenge	**2024**	2023
Contract liabilities as at 1 January	**39,703,132**	34,296,312
Deferred during the year	**341,886,523**	355,785,268
Recognised as revenue during the year	**(338,281,126)**	(350,378,448)
Liabilities held for sale (*Note 41*)	**(16,690,504)**	–
Contract liabilities as at 31 December	**26,618,025**	39,703,132
Current portion (*Note 29*)	**17,412,585**	32,614,490
Non-current portion	**9,205,440**	7,088,642

26. ASSET RETIREMENT OBLIGATION

The provision for the asset retirement obligation is recorded at the discounted value of expected costs to bring the sites and facilities to their original condition using estimated cash flows and is recognised as part of the cost of the specific asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement obligation.

The movements in the provision for the asset retirement obligation as at 31 December were as follows:

In thousands of tenge	**2024**	2023
Provision for asset retirement obligation as at 1 January	**14,535,891**	9,542,760
Accrued provisions (*Note 8*)	**678,707**	3,227,077
Unwinding of discount (*Note 39*)	**432,101**	1,847,576
Liabilities directly associated with assets held for sale (*Note 41*)	**(10,633,247)**	–
Use of the provision	**–**	(81,522)
Provision for asset retirement obligation as at 31 December	**5,013,452**	14,535,891
Current portion (*Note 31*)	**–**	955,785
Non-current portion	**5,013,452**	13,580,106

27. TRADE PAYABLES

As at 31 December, trade payables comprised the following:

In thousands of tenge	**2024**	2023
Trade payables for supply of property and equipment and intangible assets	**59,192,240**	78,262,370
Trade payables for services rendered	**22,142,732**	26,239,149
Trade payables for inventory received	**1,614,568**	2,311,508
	82,949,540	106,813,027

As at 31 December 2024 and 2023, trade payables were interest-free.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. TRADE PAYABLES (continued)

At 31 December, trade payables were denominated in the following currencies:

In thousands of tenge	2024	2023
Tenge	**64,066,010**	85,797,617
Euro	**13,838,854**	14,545,753
US dollar	**5,012,162**	6,257,046
Russian rouble	**29,332**	205,951
Other	**3,182**	6,660
	82,949,540	106,813,027

28. OTHER CURRENT FINANCIAL LIABILITIES

As at 31 December, other current financial liabilities comprised:

In thousands of tenge	2024	2023
Payable to employees	**25,073,149**	29,093,300
Dividends payable (*Note 21*)	**17,573**	42,392
Other	**3,512,533**	3,730,176
	28,603,255	32,865,868

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

29. CURRENT CONTRACT LIABILITIES

As at 31 December, current contract liabilities comprised:

In thousands of tenge	2024	2023
Advances received	**15,137,254**	30,584,127
Liabilities under contracts with operators	**1,934,677**	1,567,271
Contract liabilities for connection of subscribers	**195,821**	227,587
Other contract liabilities	**94,696**	112,568
Other	**50,137**	122,937
	17,412,585	32,614,490

Advances received represent the prepayment made by customers for the Group's telecommunications services, internet services, and IP-TV services.

30. OTHER CURRENT NON-FINANCIAL LIABILITIES

As at 31 December, other current non-financial liabilities comprised:

In thousands of tenge	2024	2023
Provisions		
Legal claims on contractual obligations and penalties	**–**	2,061,971
Accrual of provisions for tax risks	**–**	2,025,935
Asset retirement obligation (*Note 26*)	**–**	955,785
	–	5,043,691
Other non-financial liabilities		
Taxes payable other than income tax	**6,078,626**	7,250,355
Payable to pension funds	**1,219,462**	1,187,388
Other	**1,392,515**	811,894
	8,690,603	9,249,637
	8,690,603	14,293,328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. OTHER CURRENT NON-FINANCIAL LIABILITIES (continued)

The movements in tax provisions for the years ended 31 December were as follows:

In thousands of tenge	2024	2023
Provision as at 1 January	**2,025,935**	1,910,312
Accrual of provisions for tax risks	**–**	115,623
Discontinued operations	**(2,025,935)**	–
Provision as at 31 December	**–**	2,025,935

The movements in legal claims on contractual obligations and penalties for the years ended 31 December were as follows:

In thousands of tenge	2024	2023
Provision as at 1 January	**2,061,971**	3,684,675
Payment in accordance with the court decision (*Note 46*)	**–**	(2,762,348)
Reversal of fines and penalties provision (*Note 46*)	**(2,061,971)**	(721,000)
Accrual of provisions (*Note 41*)	**–**	1,860,644
Provision as at 31 December	**–**	2,061,971

31. GOVERNMENT GRANTS

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

In thousands of tenge	2024	2023
Government grants as at 1 January	**40,176,438**	26,857,966
Received during the year	**22,962,687**	22,778,254
Recorded in the statement of profit and loss	**(9,823,572)**	(9,459,782)
Government grants related to the disposal group (*Note 41*)	**(18,519,580)**	–
Government grants as at 31 December	**34,795,973**	40,176,438
Current portion	**7,596,319**	8,414,199
Non-current portion	**27,199,654**	31,762,239

In 2021, the Government approved the changes to the Rules for the assignment of frequency bands, radio frequencies, operation of radio-electronic means and high-frequency devices ("the Rules"), based on which the Group is eligible for government grants in the form of 90% reduction in the annual fee for the use of radio frequencies from 1 January 2020 to 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 for use of radio frequencies equal to the amount of unfulfilled obligations to the authorities.

The funds released as a result of reduction in the annual fee for the use of radio frequencies for 2024 in the amount of KZT 22,962,687 thousand were used by the Group for the purchase and construction of networks to provide broadband internet access to customers. Government grants related to assets are recognised as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers for the years ended 31 December comprised:

	For the year ended 31 December 2024			
In thousands of tenge	Fixed line	Mobile connection	Other	Total
Data transfer services	**147,645,862**	**103,359,568**	**7,211**	**251,012,641**
Rendering of fixed line and wireless phone services	**31,199,318**	**69,390,591**	**–**	**100,589,909**
Sale of equipment and mobile devices	**5,091**	**36,558,777**	**–**	**36,563,868**
Interconnection services	**17,414,200**	**2**	**–**	**17,414,202**
Rent of channels	**2,093,400**	**–**	**–**	**2,093,400**
Other	**58,034,381**	**15,334,114**	**506,318**	**73,874,813**
	256,392,252	**224,643,052**	**513,529**	**481,548,833**
Services transferred over time	**256,387,161**	**188,084,275**	**513,529**	**444,984,965**
Goods transferred at a point in time	**5,091**	**36,558,777**	**–**	**36,563,868**
	256,392,252	**224,643,052**	**513,529**	**481,548,833**
B2C*	**151,450,360**	**173,920,576**	**499,365**	**325,870,301**
B2B**	**30,986,817**	**41,727,650**	**14,164**	**72,728,631**
B2O***	**19,465,757**	**8,994,826**	**–**	**28,460,583**
B2G****	**54,489,318**	**–**	**–**	**54,489,318**
	256,392,252	**224,643,052**	**513,529**	**481,548,833**

	For the year ended 31 December 2023			
In thousands of tenge	Fixed line	Mobile connection	Other	Total
Data transfer services	152,060,224	82,002,764	7,677	234,070,665
Rendering of wireline and wireless phone services	35,124,740	65,520,943	–	100,645,683
Sale of equipment and mobile devices	1,601	33,122,615	–	33,124,216
Interconnection services	10,591,910	6,680,740	–	17,272,650
Rent of lines	2,731,109	–	–	2,731,109
Other	50,527,893	13,306,991	6,073,326	69,908,210
	251,037,477	**200,634,053**	**6,081,003**	**457,752,533**
Services transferred over time	251,035,876	167,511,438	6,081,003	424,628,317
Goods transferred at a point in time	1,601	33,122,615	–	33,124,216
	251,037,477	**200,634,053**	**6,081,003**	**457,752,533**
B2C*	143,316,682	144,092,970	1,306,547	288,716,199
B2B**	23,301,779	34,382,562	4,774,456	62,458,797
B2O***	21,451,039	21,841,677	–	43,292,716
B2G****	62,967,977	316,844	–	63,284,821
	251,037,477	**200,634,053**	**6,081,003**	**457,752,533**

* *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.*

33. COMPENSATION FOR PROVISION OF UNIVERSAL SERVICES IN RURAL AREAS

According to the approved regulatory documents on subsidisation, losses for the provision of universal telecommunications services in rural areas are subject to subsidies. The amount of compensation is calculated as the difference between the costs and actual revenues from the unprofitable universal telecommunications services.

The total amount of compensations received for 2024 amounted to KZT 5,025,725 thousand (2023: KZT 8,853,903 thousand).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. COST OF SALES

Cost of sales for the years ended 31 December comprised:

In thousands of tenge	2024	2023 (restated)*
Personnel expenses (*Note 37*)	**115,957,188**	109,176,548
Depreciation and amortisation	**95,778,550**	94,072,372
Cost of sales of sim-cards, scratch-cards, sim starter kits and mobile devices	**35,564,690**	27,694,849
Repair and maintenance	**24,767,784**	19,604,778
Fees for use of frequency range	**22,731,774**	18,437,320
Interconnection services	**18,273,192**	19,785,124
Electric energy	**11,977,075**	8,902,462
Rent of lines	**11,667,894**	10,080,148
Materials	**6,925,321**	7,148,352
Content expenses	**6,881,541**	5,864,179
Fees for the right to provide telecom services	**6,061,689**	6,160,326
Security and safety	**4,661,179**	3,506,442
Expense relating to short-term leases and leases of low-value assets (*Note 23*)	**4,645,040**	1,147,676
Utility services	**2,294,172**	2,822,548
Business trip expenses	**2,292,762**	2,011,430
Network sharing agreement	**1,385,100**	899,457
Insurance of property	**916,893**	762,328
Satellite communication services	**768,858**	768,482
Other	**11,363,506**	12,591,159
	384,914,208	351,435,980

35. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December comprised the following:

In thousands of tenge	2024	2023 (restated)*
Personnel expenses (*Note 37*)	**19,371,017**	18,204,055
Taxes other than income tax	**5,159,201**	5,331,436
Consulting services	**3,017,542**	1,805,868
Depreciation and amortisation	**2,466,832**	1,770,024
Social activities	**1,362,160**	1,174,636
Repair and maintenance	**898,680**	329,200
Business trips	**723,627**	940,008
Materials	**672,636**	396,033
Write-down of inventories to the net realisable value (*Note 14*)	**422,646**	790,159
Short-term leases (*Note 23*)	**401,115**	294,290
Trainings	**298,416**	337,270
Insurance	**256,682**	181,665
Outsourcing	**251,986**	234,745
Security and safety	**128,558**	208,609
Bank fees	**51,466**	302,906
Other	**6,688,960**	4,369,359
	42,171,524	36,670,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. SELLING EXPENSES

Selling expenses for the years ended 31 December comprised the following:

In thousands of tenge	2024	2023 (restated)*
Marketing and advertising	**5,061,136**	6,656,014
Amortisation of cost to obtain a contract	**2,264,321**	1,943,191
Other	**1,727,079**	1,474,982
	9,052,536	10,074,187

37. PERSONNEL EXPENSES

Personnel expenses for the years ended 31 December comprised the following:

In thousands of tenge	2024	2023 (restated)*
Payroll	**119,623,963**	113,175,904
Payroll related taxes	**13,169,620**	12,254,010
Employee benefits (*Note 24*)	**2,534,622**	1,950,689
	135,328,205	127,380,603

Personnel expenses for the years ended 31 December were allocated as follows:

In thousands of tenge	2024	2023 (restated)*
Cost of sales (*Note 34*)	**115,957,188**	109,176,548
General and administrative expenses (*Note 35*)	**19,371,017**	18,204,055
	135,328,205	127,380,603

38. FINANCE (COSTS)/INCOME

Finance costs and finance income for the years ended 31 December comprised:

In thousands of tenge	2024	2023 (restated)*
Finance costs		
Interest expense on loans	**(31,793,353)**	(25,851,583)
Interest expense on lease liabilities	**(6,429,797)**	(2,216,105)
Unwinding of discount (provision for asset retirement obligation) (*Note 26*)	**(432,101)**	(413,072)
Unwinding of discount on long-term payables	**(306,843)**	(67,447)
Discounting of other non-current financial assets	**(96,228)**	(152,776)
Interest on debt component of preferred shares (*Note 21*)	**(89,636)**	(89,636)
Unwinding of discount on long-term borrowings	**(284)**	(37)
Other costs	**(561,362)**	409,460
	(39,709,604)	(28,381,196)
Finance income		
Unwinding of discount on long-term receivables	**2,154,238**	1,774,751
Interest income on deposits	**1,988,870**	3,919,061
Unwinding of discount on long-term loans to employees	**1,090,693**	1,927,212
Interest income on financial assets at amortised cost	**1,022,246**	2,918,144
Interest income on cash balances	**267,212**	278,853
Unwinding of discount on long-term deposits	**–**	1,497,009
Other income	**702,753**	762,265
	7,226,012	**13,077,295**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. OTHER OPERATING INCOME / (EXPENSES)

Other operating income and expenses for the years ended 31 December comprised:

In thousands of tenge	2024	2023 (restated)*
Other operating income		
Rental income	**2,260,529**	2,191,994
Income from write-off of payables	**752,304**	1,597,404
Fines and penalties	**557,378**	363,847
Reimbursement of utilities expenses	**161,847**	132,640
Income from disposal of 49% of shares in an associate (*Note 10*)	**–**	876,945
Other	**1,097,160**	1,632,612
	4,829,218	6,795,442
Other operating expenses		
Utilities expenses	**(478,469)**	(748,678)
Rental expenses	**(100)**	(192)
Other	**2,842,853**	(1,616,190)
	2,364,284	(2,365,060)

40. INCOME TAX EXPENSES

Income tax expenses for the years ended 31 December comprised:

In thousands of tenge	2024	2023
Corporate income tax expenses	**8,745,407**	17,689,909
Adjustments in respect of income tax of previous year	**(2,292,833)**	782,037
Deferred income tax benefit	**1,618,294**	(6,270,755)
Income tax related to discontinued operations	**8,070,868**	12,201,191

The tax rate for the Group and its subsidiaries was 20% in 2024 and 2023.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory rate of 20% (2023: 20%), with the current corporate income tax expenses for the years ended 31 December is as follows:

In thousands of tenge	2024	2023
Profit before tax from continuing operations	**32,211,821**	48,850,411
Profit before tax from discontinued operations	**124,740,158**	85,387,380
Income tax at statutory income tax rate of 20%	**31,390,396**	26,847,558
Changes in unrecognised tax loss carry forward	**372,176**	21,547
Recognition of deferred tax liability for the disposal group	**42,757,512**	–
Impairment of non-financial assets	**1,273,119**	277,705
Gain on revaluation of investment in equity instruments at fair value through profit or loss	**(452,056)**	–
Group's share in loss of associates	**47,252**	–
Adjustments in respect of income tax of previous year	**592,167**	1,903,915
Non-deductible expenses	**3,740,120**	783,857
Total income tax expenses	**79,720,686**	29,834,582
Income tax expense reported in profit or loss	**8,070,868**	12,201,191
Income tax related to discontinued operations	**71,649,818**	17,633,391
	79,720,686	29,834,582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. INCOME TAX EXPENSES (continued)

As at 31 December 2024 and 2023, deferred taxes calculated by applying the official tax rates effective at the reporting date to the temporary differences between the tax bases of assets and liabilities and the amounts reported in the consolidated financial statements included the following items:

	Consolidated statement of financial position		Consolidated statement of comprehensive income		In other comprehensive loss	
In thousands of tenge	**31 December 2024**	31 December 2023	**2024**	2023	**2024**	2023
Deferred tax assets						
Property and equipment	**2,119**	67,260	**(65,141)**	(3,153,215)	**–**	–
Deferred services	**3,137,368**	4,693,770	**(1,556,402)**	(554,317)	**–**	–
Government grants	**12,046,126**	8,246,596	**3,799,530**	2,874,643	**–**	–
Reserves on employee bonuses	**3,317,314**	4,051,525	**(734,211)**	699,051	**–**	–
Decommissioning liabilities	**3,222,951**	2,464,751	**758,200**	555,877	**–**	–
Tax loss carry forward	**–**	21,547	**(21,547)**	13,061	**–**	–
Employee benefit obligations	**2,370,082**	2,085,446	**828,587**	(222,950)	**(543,951)**	(279,987)
Lease liabilities	**2,446,252**	787,978	**1,658,274**	(344,754)	**–**	–
Accrued provisions for unused vacations	**1,880,532**	1,071,816	**808,716**	228,715	**–**	–
Accrued provisions for expected credit losses	**1,600,733**	1,546,288	**54,445**	292,523	**–**	–
Intangible assets	**760**	540	**220**	(95,766)	**–**	–
Other	**2,464,404**	2,632,433	**(168,029)**	1,358,410	**–**	–
Less: unrecognised tax assets less deferred taxes	**(304,084)**	(21,547)	**(282,537)**	(21,547)	**–**	–
Less: deferred tax assets less deferred tax liabilities	**(32,021,227)**	(27,278,952)	**(4,742,275)**	(2,451,056)	**–**	–
Deferred tax assets	**163,330**	369,451	**337,830**	(821,325)	**(543,951)**	(279,987)
Deferred tax liabilities						
Property and equipment and intangible assets	**64,251,699**	52,218,077	**12,033,622**	**(3,407,495)**	**–**	–
Other	**1,210,574**	795,203	**415,371**	**71,748**	**–**	–
Deferred tax liability for the disposal group	**42,757,512**	–	**42,757,512**	–		
Less: deferred tax assets less deferred tax liabilities	**(32,021,227)**	(27,278,617)	**(4,742,610)**	**(2,450,721)**	**–**	–
Deferred tax liabilities	**76,198,558**	25,734,663	**50,463,895**	**(5,786,468)**		
Deferred income tax benefit	**–**	–	**50,126,065**	**(4,965,143)**	**(543,951)**	(279,987)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. INCOME TAX EXPENSES (continued)

Deferred tax assets and liabilities are presented in the consolidated statement of financial position as follows:

In thousands of tenge	**2024**	2023
Deferred tax assets	**163,330**	369,451
Deferred tax liabilities related to continuing operations	**(64,433,388)**	(25,734,663)
Deferred tax liabilities related to discontinued operations	**(11,765,170)**	–
Net deferred tax liabilities	**(76,035,228)**	(25,365,212)

In thousands of tenge	**2024**	2023
Reconciliation of deferred tax liabilities, net		
Balance at 1 January	**(25,365,212)**	(30,050,368)
Income tax (expenses)/ benefit for the reporting period – origination and recovery of temporary differences, recognised in continuing operations	**(1,618,294)**	4,965,143
Income tax expenses for the reporting period – origination and recovery of temporary differences related to discontinued operations	**(48,507,771)**	–
Less: deferred tax recognised within other comprehensive loss	**(543,951)**	(279,987)
Balance at 31 December	**(76,035,228)**	(25,365,212)

The Group performs offsetting of tax assets and liabilities only if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and deferred tax liabilities relating to income tax collected by the same taxation authority.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In accordance with legislation of the Republic of Kazakhstan, tax losses may be deferred for 10 years from the date of their origination and will expire in 2029. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

As at 31 December 2023, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities had not been recognised was equal to KZT 131,436,906 thousand (as at 31 December 2023: KZT 293,131,434 thousand). The Group is able to control the timing of the reversal of those temporary differences and does not expect to reverse them in the foreseeable future.

The Company is an indirect subsidiary of Samruk-Kazyna. Samruk-Kazyna has subsidiaries operating in various jurisdictions where the Pillar Two model rules were enacted or substantively enacted. However, since the Company and its subsidiaries operate in jurisdictions where the Pillar Two model rules have not yet been enacted, the Company and its subsidiaries are not in the scope of the Pillar Two model rules.

41. DISCONTINUED OPERATIONS

Mobile Telecom-Service LLP

On 30 April 2024, the Group's general meeting of shareholders decided to sell 100% interest in Mobile Telecom-Service LLP (MTS), a subsidiary, to Power International Holding (PIH), a third party. On 30 April 2024, MTS was classified as a disposal group held for sale and as discontinued operations since MTS represents the Group's separate significant line of business providing GSM and LTE mobile telecommunication services.

On 4 June 2024, the Group entered into an agreement on the sale of MTS with PIH Interconnect Ltd. (PIH's subsidiary).

On 12 November 2024, amendments were made to the main agreement, according to which the rights and obligations under the agreement were assigned to another subsidiary of PIH - PIH Communication LLC. According to the signed agreement, the parties agreed on preliminary conditions that must be met to complete this transaction for the transfer of ownership and control from Kazakhtelecom JSC to PIH Communication LLC. As of 31 December 2024, the transfer of ownership of 100% of the stake in MTS was not completed due to the ongoing process to fulfill the conditions for the completion of the transaction, and, accordingly, the Group retained control over MTS. The sale of 100% interest in MTS was completed in January 2025 (*Note 47*). The selling price of the 100% share in MTC was USD 1,100,000,000, which includes a component of contingent consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. DISCONTINUED OPERATIONS (continued)

Mobile Telecom-Service LLP (continued)

As at 31 December, the main classes of assets and liabilities of MTS classified as those held for sale are as follows:

In thousands of tenge	As at 31 December 2024
Assets	
Property and equipment	**210,256,968**
Right-of-use assets	**40,999,672**
Intangible assets	**160,270,774**
Goodwill	**96,205,967**
Advances paid for non-current assets	**803,581**
Inventories	**3,829,684**
Trade receivables	**5,436,997**
Other non-current financial assets	**200,461**
Cost to obtain contracts	**1,319,924**
Other current non-financial assets	**6,862,210**
Cash and cash equivalents	**51,159,188**
Assets classified as held for sale	**577,345,426**
Liabilities	
Loans, non-current portion	**27,128,725**
Lease liabilities, non-current portion	**31,277,294**
Deferred tax liabilities	**11,765,170**
Asset retirement obligation	**15,930,567**
Government grants, non-current portion	**18,615,671**
Loans, current portion	**3,411,694**
Lease liabilities, current portion	**8,632,624**
Trade payables	**18,492,017**
Corporate income tax payable	**339,181**
Contract liabilities, current portion	**16,960,504**
Government grants, current portion	**5,309,845**
Other current financial liabilities	**4,779,190**
Other current non-financial liabilities	**4,844,418**
Liabilities directly associated with assets classified as held for sale	**167,486,900**
Net assets directly associated with disposal group	**409,858,526**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. DISCONTINUED OPERATIONS (continued)

The results of MTS for the reporting periods are presented below:

In thousands of tenge	2024	2023
Revenue from contracts with customers	**244,373,494**	211,715,428
Income from government grants	**5,309,845**	3,404,864
	249,683,339	215,120,292
Cost of sales	**(88,395,630)**	(98,617,425)
Gross profit	**161,287,709**	116,502,867
General and administrative expenses	**(8,665,303)**	(7,324,343)
Impairment loss on financial assets	**–**	(222,408)
Impairment loss on non-financial assets	**(7,848,600)**	(816,026)
Selling expenses	**(13,377,001)**	(13,122,667)
Loss on disposal of property and equipment, net	**–**	104,154
Other operating income	**2,041,850**	(762,706)
Other operating expenses	**401,562**	(789,775)
Operating profit	**133,840,217**	93,569,096
Finance costs	**(12,237,521)**	(10,539,701)
Finance income	**3,860,651**	2,724,847
Net foreign exchange loss	**(723,189)**	(366,862)
Profit before tax from discontinued operations	**124,740,158**	85,387,380
Income tax expenses	**(71,649,818)**	(17,633,391)
Profit for the reporting year from discontinued operations	**53,090,340**	67,753,989

The net cash inflows/(outflows) of MTS are as follows:

In thousands of tenge	2024	2023
Operating activities	**130,182,918**	112,513,007
Investing activities	**(60,064,129)**	(153,061,385)
Financing activities	**(29,956,584)**	(2,034,895)
Net cash inflow/(outflow)	**40,162,205**	(42,583,273)

During the period from the reclassification date of property and equipment to the assets held for sale until 31 December 2024, MTS acquired property and equipment with the total cost of KZT 22,821,015 thousand.

Goodwill

For the impairment testing purposes, goodwill acquired in a business combination was allocated to MTS as a cash generating unit.

Pursuant to IAS 36, goodwill and other intangible assets with indefinite useful lives and intangible assets not yet brought into use must be tested for impairment annually or more often if indicators of impairment exist.

In 2024, the recoverable amount of the cash generating unit was determined based on the value-in-use calculation. This valuation technique uses cash flow projections based on the actual operating results and business plans approved by management and appropriate discount rates reflecting the time value of money and risks associated with respective cash-generating units. For the periods not covered by the management's business plans, terminal value is used. The terminal value is calculated based on the cash flow projections by extrapolating the results of the respective business plans using a zero real growth rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. DISCONTINUED OPERATIONS (continued)

Goodwill (continued)

Estimation of future cash flows requires assumptions to be made in respect to uncertain factors, including management expectations in relation to Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) margin, timing and amount of capital expenditures, terminal growth rates and appropriate discount rates to reflect the risks involved. Therefore, EBITDA margin and capital expenditures used for value-in-use calculation are primarily derived from internal sources, based on past experience and extended to include management expectations. For the purposes of impairment testing, EBITDA is calculated as earnings before interest, taxation, depreciation and amortisation measured on the basis consistent with IFRS consolidated financial statements.

The table below presents EBITDA margin applied for value-in-use calculation:

In thousands of tenge	2024	2023
Mobile Telecom-Service LLP	**47.4%–53.2%**	46.0%–47.9%

The table below presents capital expenditure as a percentage of revenue applied for value-in-use calculations of related CGUs:

In thousands of tenge	2024	2023
Mobile Telecom-Service LLP	**21.1%**	26.3%

The table below presents terminal growth rates applied for value-in-use calculations of related CGUs:

In thousands of tenge	2024	2023
Mobile Telecom-Service LLP	**2.5%**	4.31%

The table below presents pre-tax rates for the discounting of cash flows in functional currencies of related CGUs:

In thousands of tenge	2024	2023
Mobile Telecom-Service LLP	**18.00%**	15.42%

Sensitivity to changes in assumptions – Mobile Telecom-Service LLP

Reasonably possible changes in EBITDA margin, growth rate beyond the forecast period and discount rates do not lead to additional impairment at Mobile Telecom-Service LLP.

42. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

On 31 May 2024, the Company (hereinafter referred to as "Limited Liability Partner 1" in this disclosure) entered into an agreement on establishing a limited liability partnership (hereinafter referred to as the "Agreement" in this disclosure) with BTS Digital Ventures (hereinafter referred to as the "General Partner" in this disclosure) and ERG Investments Projects BV (hereinafter referred to as "Limited Liability Partner 2" in this disclosure). The general partner and the limited liability partners agreed to establish Phoenix Fund Limited Partnership (hereinafter referred to as the "Fund" in this disclosure), which was registered as a limited liability partnership in the Astana International Financial Centre in accordance with the AIFC Limited Partnership Regulations (2017).

Phoenix Fund Limited Partnership was registered on 12 June 2024. During 2024, the Company contributed KZT 6,244,897,959 in cash for 49.98% shares in Phoenix Fund Limited Partnership.

Based on the terms and conditions of the agreement on establishing a limited liability partnership, the Company performed an analysis and concluded that the Company has no control or significant influence over the investment in the Fund; therefore, the Company recognises this investment as a financial asset at fair value through profit or loss in accordance with IFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The fair values of the non-listed equity investments have been estimated using a DCF model and the net asset value method. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the management's estimate of fair value for these non-listed equity investments.

Changes in the value of the interest in the Fund measured at fair value through profit or loss are detailed below:

In thousands of tenge	2024
Balance at 1 January	**–**
Contribution to charter capital	**6,244,898**
Change in fair value	**2,260,279**
Balance at 31 December	**8,505,177**

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2024 are shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Phoenix Fund Limited Partnership	DCF method	Weighted Average Cost of Capital (WACC)	2024: 21.43%–22.18%	1% increase in the weighted average cost of capital will result in the fair value decrease of KZT 1,860,000 thousand. 1% decrease in the fair value of capital will result in the increase of KZT 2,104,000 thousand in the cost of capital.
		Growth rate used beyond the forecast period	2024: 3.71%	1% increase in the growth rate used beyond the forecast period will result in the fair value decrease of KZT 1,166,000 thousand. 1% decrease in the growth rate used beyond the forecast period will result in the decrease of KZT 1,045,000 thousand in the cost.
		Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) margin	2024: 15.3%–29.2%	10% increase in the EBITDA margin will result in the fair value decrease of KZT 10,600,000 thousand. 10% decrease in the EBITDA margin will result in the increase of KZT 10,600,000 thousand in the cost.

43. NON-CASH TRANSACTIONS

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

In 2024, the Group received government grants in the total amount of KZT 22,962,687 thousand represented by 90% reduction in the annual fee for the use of radio frequencies (2023: KZT 22,778,254 thousand).

In 2024, the Group paid KZT 75,206,659 thousand for property and equipment and intangible assets purchased in prior year (2023: KZT 56,524,594 thousand). Property and equipment in the amount of KZT 22,253,770 thousand was purchased in 2024 but not paid as at 31 December 2024 (2023: KZT 75,206,659 thousand).

In 2024, the Group withheld the amount of previously issued loans for KZT 1,906,355 thousand (2023: KZT 1,690,780 thousand) from the salary of employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. RELATED PARTY TRANSACTIONS

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

As at 31 December 2024, the Group recognised a provision for expected credit losses of KZT 132,135 thousand in respect of receivables from related parties.

Sales and purchases with related parties during the years ended 31 December 2024 and 2023 and the balances with related parties as at 31 December 2024 and 2023 were as follows:

In thousands of tenge	2024	2023
Sales of goods and services		
Parent	**12,891**	13,049
Parent-controlled entities	**4,195,213**	3,910,065
Government-related entities	**55,140,630**	54,452,917
Purchases of goods and services		
	6	–
Entities under the Parent's control	**5,811,114**	5,531,062
Government-related entities	**675,878**	251,543
Interest accrued on borrowings and bonds		
Entities under state control		
(Development Bank of Kazakhstan JSC)	**1,571,586**	2,036,109
Average interest rate on borrowings	**8.08%**	8.06%
Parent*	**11,010,804**	4,715,000
Average interest rate on bonds	**15.57%**	11.84%

* ***Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1227) and bonds of Kcell JSC were purchased by the Parent.***

In thousands of tenge	2024	2023
Cash and cash equivalents		
Entities under state control		
(Development Bank of Kazakhstan JSC)	**82**	78
Borrowings and bonds (*Note 22*)		
Entities under state control		
(Development Bank of Kazakhstan JSC)	**17,905,027**	24,057,324
Parent*	**187,820,352**	42,571,667
Trade and other receivables		
Parent	**1,171**	1,216
Parent-controlled entities	**576,551**	571,856
Government-related entities	**7,056,272**	5,347,641
Payables		
Parent	**59**	59
Parent-controlled entities	**1,210,294**	1,064,069
Government-related entities	**1,779,664**	1,647,143

* *Local bonds of Kazakhtelecom JSC (KTCB.1024 and KTCB2.1227) and bonds of Kcell JSC were purchased by the Parent.*

Compensation to key management personnel

For the years ended 31 December 2024 and 2023, the total compensation to key management personnel included in the general and administrative expenses in the accompanying consolidated statement of comprehensive income was KZT 906,564 thousand and KZT 567,145 thousand, respectively. Compensation to key management personnel includes the salary set out in the employment agreement and the remuneration based on the performance for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES

Impairment losses on financial assets

Impairment losses on financial assets for the year ended 31 December 2024 comprise accrued/(reversed) allowance for expected credit losses for trade receivables in the amount of KZT 3,672,190 thousand (*Note 15*), other current financial assets in the amount of KZT 75,335 thousand (*Note 17*), cash and cash equivalents in the amount of KZT (2.396) thousand (*Note 20*) (2023: trade receivables in the amount of KZT 10,516,790 thousand, other current financial assets in the amount of KZT (65.659) thousand, cash and cash equivalents in the amount of KZT (7.247) thousand).

Impairment losses on non-financial assets

Impairment losses on non-financial assets for the year ended 31 December 2024, comprise accrued/(reversed) allowance for impairment for advances paid for non-current assets for KZT 280,745 thousand (*Note 8*), advances paid paid for current assets for KZT 511,864 thousand (*Note 16*), and impairment of property and equipment for KZT 748,698 thousand (*Note 8*) (2023: provision for impairment of advances paid for non-current assets for KZT (554.636) thousand, advances paid for current assets for KZT 385,726 thousand, and impairment of property and equipment for KZT 965,123 thousand and impairment of intangible assets for KZT (35,314) thousand).

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As at 31 December 2023, the Group had no loans or borrowings with floating interest rates and was not exposed to the risk of changes in market interest rates. In 2024, the Group issued bonds with a floating interest rate on Astana International Exchange JSC. The Group's exposure to the interest rate risk relates primarily to the Group's bonds with the floating interest rate, which is equal to the average value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period plus the fixed margin of 0.5%–1%.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on the floating rate borrowings, as follows:

	2024	
In thousands of Tenge	Increase/ (decrease) in %	Effect on profit before tax
Tenge	**+4.06%**	**2,497,439**
	-4.06%	**(2,497,439)**

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As a result of material payables, cash and cash equivalents, bank deposits and receivables denominated in the US Dollars, the Group's consolidated d statement of financial position can be affected significantly by the movements in the US dollar / tenge exchange rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity to reasonably possible changes in the exchange rates of US dollar to tenge, with all the variables held constant, of the Group's profit before income tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity.

	2024		2023	
In thousands of tenge	**Increase / (decrease) in exchange rate**	**Effect on profit before tax**	Increase / (decrease) in exchange rate	Effect on profit before tax
US dollar	**9.09%**	**3,602,809**	14.15%	6,832,074
	-7.34%	**(2,910,762)**	-14.15%	(6,832,074)
Euro	**9.00%**	**(1,544,732)**	12.95%	(2,714,707)
	-5.95%	**1,021,314**	-12.95%	2,714,707

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables

Financial instruments in which the Group's credit risk is concentrated are primarily trade and other receivables. The credit risk associated with these assets is limited due to the large number of the Group's customers and the continuous monitoring procedures for customers and other debtors.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future

economic conditions. Generally, trade and other receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets disclosed in *Notes 12, 15 and 17*.

Financial instruments and cash deposits

In accordance with the financial policy, the Group places free cash in several of the largest Kazakhstani banks (with the highest credit ratings). To manage the credit risk associated with the placement of free cash in banks, the Group's management periodically conducts procedures for assessing the solvency of banks. To facilitate such an assessment, deposits are primarily placed in banks, where the Group already has comparable credit obligations, a current account and can easily monitor the activities of such banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Financial instruments and cash deposits (continued)

	Rating		Cash balance		Balance on deposit accounts	
In thousands of tenge	**2024**	Rating 2023	**2024**	2023	**2024**	2023
Halyk Bank Kazakhstan JSC	**BBB-/stable/ BBB-, kzAAA**	BB+/stable/ BBB-, kzAAA	**2,268,624**	4,246,368	**15,793,326**	60,453,268
Electronic money	**–**	–	**1,077,231**	504,275	**–**	–
Nurbank JSC	**B-/ stable /kzBB+**	B-/ stable /kzBB-	**150,114**	15,000	**–**	–
Citibank Kazakhstan JSC	**A+/ stable /A+**	A+/ stable /A+	**53,470**	579,058	**–**	–
Kaspi Bank JSC	**BB+/stable, BBB-,kzAA+**	BB/positive, Ba1,kzA	**22,617**	81,287	**–**	–
SB Sberbank JSC/Bereke bank JSC	**–**	–	**10,673**	1,276	**–**	–
Sberbank of Russia PJSC	**–**	–	**4,153**	69,323	**–**	–
First Heartland Jýsan Bank JSC	**Ba3/ positive, kzAAA**	Ba3/ positive, kzAAA	**718**	10,888	**–**	–
Credit Suisse (Schweiz) AG	**A+**	A-	**273**	8,607	**–**	–
Bank CenterCredit JSC	**BB-/ stable, kzA**	BB-/ stable, kzA-	**237**	656	**–**	–
Kazpost JSC	**BBB-/ stable**	Baa3/ stable	**174**	18	**5,090,891**	–
Bank "Bank RBK" JSC	**Ba2/stable**	Ba3+/positive/	**114**	118	**–**	–
Altyn Bank JSC (SB Halyk Bank Kazakhstan JSC)	**BBB/ stable, kzAAA**	BBB/ stable, kzAA+	**108**	144	**–**	–
Development Bank of Kazakhstan JSC	**BBB-/ stable / BBB, kzAAA**	BBB/ stable / BBB, kzAAA	**82**	78	**–**	–
SB Bank of China Kazakhstan JSC	**BBB+/ stable, kzAAA**	BBB+/ stable, kzAAA	**37**	11	**–**	–
ForteBank JSC	**BB/ stable / kzA-**	BB-/ stable / BB-, kzA-	**34**	18	**–**	–
SC VTB Bank □ (Kazakhstan) JSC	**–**	–	**5**	82	**–**	–
Halyk Finance JSC	**BBB-/stable/ BBB-, kzAAA**	BB+/stable/ BBB-, kzAAA	**–**	–	**–**	5,000,000
Total			**3,588,664**	5,517,207	**20,884,217**	65,453,268

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal or stress circumstances.

The Group monitors its risk of a shortage of funds using a liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., receivables and other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings and leases. Approximately 45% of the Group's debt will mature in less than one year at 31 December 2024 (31 December 2023: 23%) based on the carrying amount of borrowings and leases reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

In thousands of tenge	On demand	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
At 31 December 2024						
Borrowings	**–**	**5,314,716**	**177,419,526**	**188,967,558**	**7,670,969**	**379,372,769**
Lease liabilities	**–**	**3,505,407**	**4,374,121**	**62,170,623**	**13,562,534**	**83,612,685**
Trade payables	**42,011,000**	**25,396,727**	**15,635,054**	**3,753,777**	**–**	**86,796,558**
Other financial liabilities	**–**	**3,512,533**	**–**	**–**	**–**	**3,512,533**
	42,011,000	**37,729,383**	**197,428,701**	**254,891,958**	**21,233,503**	**553,294,545**
At 31 December 2023						
Borrowings	–	10,621,594	87,647,217	239,635,542	10,741,902	348,646,255
Lease liabilities	–	5,541,828	13,861,320	77,013,334	69,659,770	166,076,252
Trade payables	81,429,756	10,577,767	14,805,504	7,339,002	–	114,152,029
Other financial liabilities	–	3,730,176	–		–	3,730,176
	81,429,756	**30,471,365**	**116,314,041**	**323,987,878**	**80,401,672**	**632,604,712**

Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. Cash flow requirements are monitored on a regular basis and management provides for availability of sufficient funds required to fulfil any liabilities when they arise. The Group's management believes that any possible fluctuations of future cash flows associated with a monetary financial instrument will not have a material impact on the Group's operations.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the holders of common shares, return equity to shareholders or issue new shares. No changes were made in the capital management objectives, policies or processes during 2024 and 2023. The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total equity.

The Group's debt-to-equity ratio at the period end was as follows:

In thousands of tenge	**As at 31 December 2024**	As at 31 December 2023
Interest-bearing loans and borrowings	**296,219,028**	291,391,598
Lease liabilities	**52,670,997**	91,518,878
Debt	**348,890,025**	382,910,476
Total equity, including non-controlling interests	**854,846,372**	803,662,337
Debt-equity ratio	**0.41**	0.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. 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 the Group's assets and liabilities. Disclosure of quantitative information of the fair value hierarchy of financial instruments as at 31 December 2024 was as follows:

		Fair value measurement using			
In thousands of tenge	Date of valuation	Price quotations on active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair values are disclosed					
Financial assets carried at amortised cost	**31 December 2024**	**21,331,156**	**–**	**–**	**21,331,156**
Other non-current financial assets	**31 December 2024**	**–**	**–**	**8,117,937**	**8,117,937**
Other current financial assets	**31 December 2024**	**–**	**–**	**4,748,972**	**4,748,972**
Trade receivables	**31 December 2024**	**–**	**–**	**42,506,089**	**42,506,089**
Liabilities for which fair values are disclosed					
Loans	**31 December 2024**	**–**	**–**	**279,841,067**	**279,841,067**
Other non-current financial liabilities	**31 December 2024**	**–**	**–**	**3,753,777**	**3,753,777**
Other current financial liabilities	**31 December 2024**	**–**	**–**	**28,603,255**	**28,603,255**
Trade payables	**31 December 2024**	**–**	**–**	**82,866,540**	**82,866,540**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Fair value (continued)

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

		Fair value measurement using			
In thousands of tenge	Date of valuation	Price quotations on active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair values are disclosed					
Financial assets carried at amortised cost	31 December 2023	45,770,813	–	–	45,770,813
Investment property	31 December 2023	–	–	427,268	427,268
Other non-current financial assets	31 December 2023	–	–	4,911,010	4,911,010
Other current financial assets	31 December 2023	–	–	5,280,059	5,280,059
Trade receivables	31 December 2023	–	–	50,755,814	50,755,814
Liabilities for which fair values are disclosed					
Borrowings	31 December 2023	–	–	284,442,023	284,442,023
Other non-current financial liabilities	31 December 2023	–	–	7,339,002	7,339,002
Other current financial liabilities	31 December 2023	–	–	32,865,868	32,865,868
Trade payables	31 December 2023	–	–	106,813,027	106,813,027

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 consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

In thousands of tenge	Carrying amount 2024	Fair value 2024	Unrecognised gain/ (loss) 2024	Carrying amount 2023	Fair value 2023	Unrecognised gain/ (loss) 2023
Financial assets						
Cash and cash equivalents	**24,479,950**	**24,479,950**	**–**	70,984,738	70,984,738	–
Other non-current financial assets	**8,974,898**	**8,117,937**	**(856,961)**	5,757,350	4,911,010	(846,341)
Financial assets carried at amortised cost:	**21,331,156**	**21,331,156**	**–**	45,770,813	45,770,813	–
Other current financial assets	**4,748,972**	**4,748,972**	**–**	5,280,059	5,280,059	–
Trade accounts receivable	**42,539,089**	**42,506,089**	**(33,000)**	50,755,814	50,755,814	–
Financial liabilities						
Loans	**296,219,028**	**279,841,067**	**16,377,961**	291,391,598	284,442,023	6,949,575
Other non-current financial liabilities	**3,753,777**	**3,753,777**	**–**	7,339,002	7,339,002	–
Other current financial liabilities	**28,603,255**	**28,603,255**	**–**	32,865,868	32,865,868	–
Trade payables	**82,949,540**	**82,866,540**	**83,000**	106,813,027	106,813,027	–
Total unrecognised change in unrealised fair value			**15,571,000**			6,103,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Valuation techniques and assumptions

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

Assets for which their fair value approximates their carrying amount

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

Financial liabilities carried at amortised cost

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND PRINCIPLES (continued)

Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities for 2024 were as follows:

In thousands of tenge	At 1 January 2024	Loans received/ additions	Repayment of the principal	Modifications	Cancellation of leases	Transfer to liabilities directly related to assets held for sale	Interest expense (*Note 39*)	Interest paid	Other	31 December 2024
Borrowings	291,391,598	285,776,550	(234,339,022)	–	–	(47,750,076)	33,621,490	(32,564,189)	82,677	296,219,028
Borrowings (discontinued operations)	–	–	(16,978,468)	–	–	47,750,076	3,819,629	(4,052,318)	1,500	30,540,419
Lease liabilities	91,518,878	10,380,056	(5,924,626)	9,858,721	(728,245)	(52,433,787)	7,832,651	(7,832,651)	–	52,670,997
Lease liabilities (discontinued operations)	–	3,643,640	(6,944,218)	(9,333,982)	–	52,433,787	3,219,298	(3,033,316)	(75,291)	39,909,918
Total	382,910,476	299,800,246	(264,186,334)	524,739	(728,245)	–	48,493,068	-47,482,474	8,886	419,340,362

The changes in liabilities arising from financing activities for 2023 were as follows:

In thousands of tenge	1 January 2023	Loans received	Additions	Modifications	Cancellations	Repayment of the principal	Interest expense (*Note 39*)	Interest paid	Discount	31 December 2023
Borrowings	247,876,877	133,584,742	–	–	–	(91,120,692)	30,388,789	(30,060,461)	722,343	291,391,598
Lease liabilities	40,825,884		11,483,429	51,574,166	(254,802)	(12,109,799)	5,255,697	(5,255,697)	–	91,518,878
Total	288,702,761	133,584,742	11,483,429	51,574,166	(254,802)	(103,230,491)	35,644,486	(35,316,158)	722,343	382,910,476

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. COMMITMENTS AND CONTINGENCIES

Operating environment

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

Capital commitments

The Group generally enters into contracts for the completion of construction projects and purchase of telecommunication equipment. As at 31 December 2024, the Group had contractual obligations in the total amount of KZT 77,112,435 thousand (VAT included) (31 December 2023: KZT 97,469,118 thousand (VAT included)) mainly related to the purchase of telecommunication equipment and the construction of the telecommunication network.

License commitments

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

In December 2022, the Group participated in a radio frequency spectrum public auction for 5G mobile communications. The Group won two lots: 3600–3700 MHz and 3700– 3800 MHz. On 22 June 2023, the Group met all conditions of the auction and recognised an intangible asset for 5G radio frequencies use for KZT 78,034 million, with the estimated useful life of 15 years. According to the conditions attached to the award of frequencies to the Group, it undertakes to activate 3,527 5G base stations throughout the country, with a specified number of base stations in each region. For 2024 and 2023, the Group fulfilled its licence obligations and activated 784 and 391 base stations, respectively. The Group committed to activate 784 5G base stations yearly until the end of 2027. During 2024, Mobile Telecom-Service LLP and Kcell JSC, the Group's subsidiaries, signed a network sharing agreement for 5G to meet the licence obligations for 5G networks.

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 is severe. Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank 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.

Due to the uncertainty surrounding the tax system in the Republic of Kazakhstan, the ceiling amount of taxes, penalties and interest, if any, may exceed the amount expensed at the date and accrued as at 31 December 2024. Management believes that as at 31 December 2024 its interpretation of the relevant legislation is appropriate and the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

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.

46. COMMITMENTS AND CONTINGENCIES (continued)

State grant related to the frequency fee (continued)

If, based on the results of the audited information, the fact of non-fulfilment 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 authorised 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.

State grants related to the radio frequency fee

After the issue of its IFRS consolidated financial statements, the Group presents, on an annual basis, a consolidated report for the reporting year 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 contingent liabilities related to these grants. 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-fulfilment 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 authorised 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.

Technical Regulations

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

As at 31 December 2024, the Group partly upgraded and and increased licensed and port capacity for the total of KZT 4,964,100 thousand. The Group gradually plans the modernisation and expansion of licensed and port capacity of SHC in accordance with the cellular development plan, including 5G, and estimates that the expected amount of capital expenditures related to modernisation and expansion will be KZT 17,673,182 thousand by 2032.

Arbitration against Amdocs companies

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

In November 2018, Kcell JSC notified the Supplier of the termination of the Supply Agreement, except for the technical support services, since the quality of the Converged Billing System and Amdoc's performance of contractual obligations were not consistent with the terms of the Supply Agreement and the Group's requirements. Moreover, there was a delay in delivery and implementation of the OLC (On-line charging) system. In May 2020, Kcell JSC also notified the Supplier of its withdrawal from the technical support agreement. Amdocs did not agree with the arguments of Kcell JSC regarding the termination of the Supply Agreement and withdrawal from the technical support agreement

On 15 March 2023, the arbitration decision was received. The amount of claims of Amdocs was satisfied in arbitration in the amount of KZT 3,721,874 thousand.

46. COMMITMENTS AND CONTINGENCIES (continued)

Arbitration against Amdocs companies (continued)

On 13 September 2023, a Settlement Agreement in the amount USD 6 million (equivalent of KZT 2,762,348 thousand) was signed between the Group and Amdocs on voluntary execution of the arbitration decision in order to reduce payments as well as risks associated with the execution of the arbitration award. Upon payment of the full amount of the settlement, pursuant to the Settlement Agreement, all claims and all outstanding obligations in respect of the dispute between the Group and Amdocs were deemed to be fully settled/discharged.

On 15 September 2023, the Group paid the full amount of compensation in accordance with the Settlement Agreement and reversed the remaining provision in the amount of KZT 721,000 thousand. As at 31 December 2024 and 2023, the balance of the provision is equal to zero.

Agency for the Protection and Development of Competition

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

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

The Group appealed the resolution on the investigation in the Agency for the Protection and Development of Competition on 26 July 2022; however, the appeal was rejected on 16 August 2022. As a result of the appeal, the investigation was suspended by APDC on 28 July 2022.

During 2023, the Group filed a notice of appeal against the Order. On 9 November 2023, the Supreme Court of the Republic of Kazakhstan held a hearing. The Court found Order No. 42-ОД of 15 June 2022 invalid for the period from 1 January 2020 to 31 December 2021. The investigation was resumed on 27 November 2023.

On 13 December 2023, the Group filed an appeal against the resumption of investigation. On 22 December 2023, the investigation was suspended due to the filed appeal.

The Supreme Court of Kazakhstan upheld the lower courts' resolutions considering the case as the one that is not subject to administrative legal proceedings, and the cassation appeal was rejected.

On 30 January 2025, the Group received the judicial decision on the resumption of the investigation from 29 January 2025. The Group is preparing the response to the APDC's inquiry as part of the investigation.

The Group's management assessed the risk of violation of anti-monopoly law as possible, and therefore no provision was accrued to losses potentially arising from any of the above investigations and notifications as at 31 December 2024.

Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated 21 June 2023

In accordance with Order No. 38-OD of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty dated 21 December 2023, an investigation was initiated against the Group. The subject of the investigation is the prevention of actions in coordination with the competitors to establish and maintain prices for telecommunication services in May to July 2023. As part of the investigation, the APDC sent an inquiry to the Group requesting information required for performing an investigation. On 10 January 2024, the Group contested this requirement in the APDC.

During 2024, the Group received dismissals of appeals from the lower-level courts. The Group filed the cassation appeal on 16 October 2024. The date for the hearing in the Supreme Court of the Republic of Kazakhstan is to be determined

The Group's management assessed the risk of violation of anti-monopoly law as possible, and therefore no provision was accrued to losses potentially arising from any of the above investigations and notifications as at 31 December 2024.

47. EVENTS AFTER THE REPORTING DATE

From 1 January 2025 to 20 February 2025, the Group received two tranches from Nurbank JSC for the total of KZT 6,000,000 thousand for the term of 21 and 20 months, respectively, with the interest rate of 15.75% per annum.

From 1 January 2025 to 20 February 2025, the Group repaid the loan for the total of KZT 4,000,000 thousand from Nurbank JSC.

On 17 January 2025, the Group fully redeemed its bonds KTCB2.1227 (ISIN KZX000003504) placed on the stock exchange of Astana International Exchange Ltd. The total amount of the redeemed bonds was KZT 59,000,000 thousand, the amount of consideration paid was KZT 542,063 thousand.

On 20 January 2025, under the Credit Line Agreement signed with SB Bank of China Kazakhstan JSC dated 30 June 2023, the Group early repaid the loan of KZT 6,200,000 thousand and the interest of KZT 67,813 thousand.

On 21 January 2025, the Group acquired U.S. treasury discount bills at the purchase price of USD 359,999 thousand (equivalent to KZT 19,079,591 thousand).

On 26 February 2025 and 6 March 2025, the Group acquired coupon bonds of the Parent for KZT 50,000,000 thousand, respectively, for the total of KZT 100,000,000 thousand, with the coupon rate calculated as the average value of base rates of the National Bank of the Republic of Kazakhstan during the coupon period minus the fixed margin of 1% (one per cent) and the maturity until August 2025.

In accordance with Order No. 8-NK of the State Entity "Agency for the Protection and Development of Competition of the Republic of Kazakhstan" for the city of Astana dated 26 February 2025, an investigation was initiated against the Group on the grounds of a violation provided for in Article 174 (1) of the Entrepreneurial Code of the Republic of Kazakhstan. The subject of investigation is the establishment of factual data confirming or refuting the violation of legislation of the Republic of Kazakhstan in the fixed line internet services market. The audit will be performed in the period from 28 February 2025 to 23 May 2025. The period to be audited is the period from 1 January 2023 to 30 June 2024.

The Group completed the transaction for the sale of 100% of the share in the authorized capital of Mobile Telecom-Service LLC in favor of PIH Communication LLC in January 2025. On 16 January 2025, the Group received the first tranche of USD 700 million (equivalent to KZT 370,790,000 thousand on the date of cash receipt).

GLOSSARY

3G (third generation)	third-generation mobile communications technology – a set of services that combine both high-speed mobile access with Internet services and radio communication technology that creates a data channel.
4G (fourth generation)	a generation of mobile communications with heightened demands. The fourth generation usually includes promising technologies that make it possible to transfer data at a rate exceeding 100 Mbit/s – mobile and 1 Gbit/s – fixed users.
5G (fifth generation)	a high-speed wireless Internet, a fifth-generation technology that provides more efficient communications and access to data and services by increasing the speed of data receipt/transmission and broadening the range
ADSL (Asymmetric Digital Subscriber Line)	an asymmetric digital subscriber line – modem technology in which the available bandwidth of the channel is distributed between the proceeding and entering traffic asymmetrically
AMTC	automatic long-distance telephone communication
Broadband or high-speed Internet access	Internet access at a data rate that is higher than the maximum possible when using dial-up access using a modem and a public telephone network
API (Application Programming Interface)	a description of how one computer programme may interact with another programme
ARPU (Average Revenue Per User)	average revenue per month per subscriber
B2B (Business to Business)	a term for commercial relations between legal entities
B2C (Business to Consumer)	a term that refers to a commercial relationship between a legal entity and a consumer
B2G (Business to Government)	a term that refers to commercial relations between a legal entity and the state.
B2O (Business to Operators)	a term that refers to commercial relations between a legal entity and the state
Big Data	big data processing
Blockchain	a continuous sequential chain of blocks containing information, organized according to specific rules. Most often, copies of the chain of blocks are stored on many different computers independently of each other
CDMA (Code Division Multiple Access)	multiple access with code division, digital cellular (wireless) communications network. CDMA is recommended by the global organisation for standardisation of communications as the most promising for building third-generation networks.
CR	cash register
CSR	corporate social responsibility
DWDM (Dense Wave Division Multiplexing)	the most reliable technology for the underlying infrastructure of multiservice and mobile networks, ensures a sharp increase in network throughput and provides a wide range of fundamentally new communications services
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	the Company's profit before deduction of interest on loans, profits tax and depreciatio
ESG factors (Environmental. Social. Governance)	environmental, social and management factors
Firewall	a technology barrier designed to prevent unauthorised or unsolicited communications between computer networks or hosts.
FMC – One contact (fixed mobile convergence)	a technology barrier designed to prevent unauthorised or unsolicited communications between computer networks or hosts.
FOCL RS	fiber-optic communications lines in rural settlements
FTTH (Fiber to the Home)	fiber optic cable to the home (individual/private home)
FTTx (fiber to the x)	fiber-optic connection technology
FWA (Fixed Wireless Access)	4G-based wireless internet technology used in areas not covered by fibre optic lines.
GSM	a global standard of digital mobile cellular communications with time and frequency split, is highly secure and operates in 2G networks. The main purpose is to make calls and exchange messages
GPON (Gigabit passive optical network)	GB passive optical networks
IaaS (Infrastructure as a Service)	infrastructure as a service, for example, virtual servers and a virtual network; the client may install any software and applications
ICT	information and communication technologies
IPTV (Internet Protocol Television)	television using Internet protocol, technology (standard) of digital television in data transmission networks using IP protocol, used by digital cable television operators, and the new generation of television
IP-transit	a service to provide managed and high-speed Internet access through modern optical data transmission networks using the BGP protocol. BGP is a protocol of dynamic route between autonomous systems used on the Internet.
IoT (Internet of Things)	a common name for technologies that allow devices built into individual objects to send and receive information via the Internet (wired or wireless)
LoRa (Long Range)	a technology and a method of modulation of the same name
LTE (Long-Term Evolution)	is a wireless high-speed data transmission standard for mobile phones and other data terminals
NPS (Net Promoter Score)	Consumer Commitment Index or Company (Recommendation Readiness Index), used to assess readiness for repeat purchases. It is one of the main indices for measuring customer loyalty
OTT (Over the Top)	a method of providing video services over the Internet
ROACE (Return On Average Capital Employed)	return on average capital employed
SaaS (Software as a Service)	software as a service, for example, e-mail or other office application; the client uses the application, basic application settings are managed by the provider
SAC (Subscriber Acquisition Cost)	a metric that reflects the Company's total costs on attracting one buyer
SAC	subsidiary and affiliated company

SDN/NFV	Software-Defined Networks (SDN) and Network Function Automation (NFV)
SMEs	small and medium-sized enterprises
SSC	shared service centre
ULE	association of legal entities
VAS (Value-Added Services)	value-added services
VPN (Virtual Private Network)	a common name for the technology that makes it possible to provide one or more network connections (a logical network) over another network (for example, the Internet)
WAP (Wireless Application Protocol)	wireless data transfer protocol. The protocol was created specifically for GSM networks, where portable devices need to be connected to the Internet. Using WAP, a user of a mobile device may download any digital data from the Internet
WIMAX (Worldwide Interoperability for Microwave Access)	a broadband wireless technology that provides high-speed long-distance connections, even without a line of sight, on a reflected signal
WLL (Wireless Local Loop)	a broadband wireless technology that provides high-speed long-distance connections, even without a line of sight, on a reflected signal