



APPENDIX 3. CONSOLIDATED FINANCIAL STATEMENTS





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.

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 consists of a significant volume 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 need for us to involve 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 22 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 conducted test calls and data usage to verify the connection detection, duration, and tariffication.

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

We identified this matter to be one of the matters of most significance in our audit due to the materiality of the balances of non-current assets to the consolidated financial statements, the high level of subjectivity in respect of assumptions underlying impairment analysis and significant judgements and estimates made by management.

Significant assumptions included discount rate and inflation rate forecast. Significant estimates included future capital expenditures and the level of earnings before interest, taxation, depreciation and amortisation.

Information on impairment test performed is disclosed in Note 4 to the consolidated financial statements.

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.

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.



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.



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

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

20 February 2025



Rustamzhan Sattarov
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

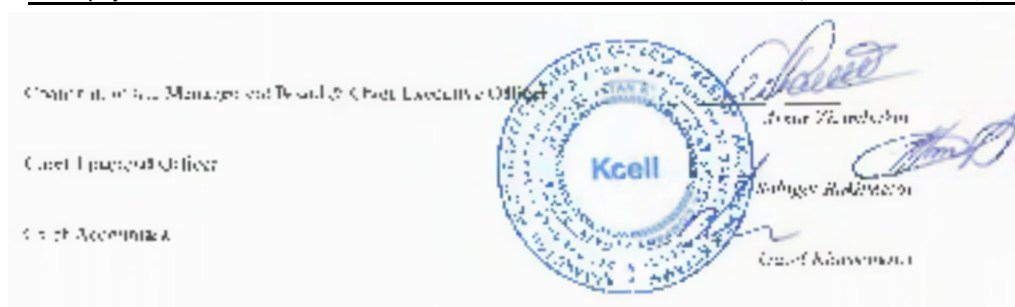
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

<i>In millions of tenge</i>	Notes	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property and equipment	7	197,815	156,113
Intangible assets	8	117,561	123,824
Investment property		–	339
Advanced paid for non-current assets	7	1,103	176
Right-of-use assets	16	49,010	41,162
Long-term trade receivables	9	5,404	1,523
Cost to obtain contracts		895	674
Deferred tax assets	28	2,856	4,148
Total non-current assets		374,644	327,959
Current assets			
Inventories	10	9,180	9,009
Trade receivables	9	26,402	32,723
Other current non-financial assets	11	5,031	7,826
Other current financial assets	12	370	2,167
Prepaid income tax		146	545
Cash and cash equivalents	14	8,801	11,031
Total current assets		49,930	63,301
Total assets		424,574	391,260
Equity and liabilities			
Equity			
Share capital	6	33,800	33,800
Additional paid in capital		–	1,260
Retained earnings		147,877	136,458
Total equity		181,677	171,518
Liabilities			
Non-current liabilities			
Borrowings: non-current portion	15	47,667	77,514
Long-term lease liabilities	16	46,652	38,261
Government grants: non-current portion	21	21,179	14,391
Long-term trade payables	17	3,754	7,339
Asset retirement obligation	19	4,711	3,676
Total non-current liabilities		123,963	141,181
Current liabilities			
Borrowings: current portion	15	42,972	7,353
Short-term lease liabilities	16	5,265	5,296
Government grant: current portion	21	5,853	3,746
Short-term trade payables	17	39,738	40,996
Financial guarantee obligation		–	44
Contracts liabilities	18	8,726	9,861
Provisions	20	7,476	2,062
Due to employees		6,199	5,952
Taxes payable other than income tax		2,705	3,251
Total current liabilities		118,934	78,561
Total liabilities		242,897	219,742
Total equity and liabilities		424,574	391,260



The accounting policies and notes on pages 6 to 50 are an integral part of these consolidated financial statements.



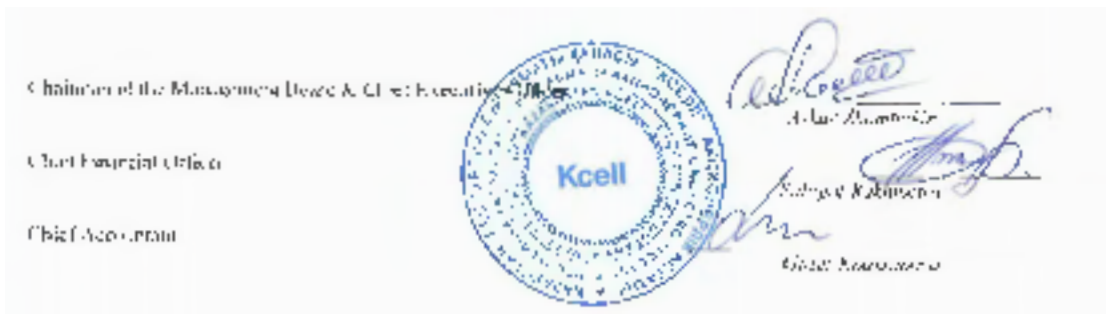


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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 December 2024**

<i>In millions of tenge</i>	Notes	2024	2023
Revenue from contracts with customers	22	235,467	223,747
Income from government grants	21	5,853	3,746
Cost of sales	23	(183,731)	(156,008)
Gross profit		57,589	71,485
General and administrative expenses	24	(10,603)	(8,811)
Selling expenses	25	(3,305)	(5,401)
Impairment of financial assets	9	(3,156)	(5,702)
Other operating income	27	154	1,910
Other operating expenses	27	(6,374)	(2,533)
Operating profit		34,305	50,948
Finance costs	26	(22,172)	(12,889)
Finance income	26	3,400	5,339
Net foreign exchange loss		(375)	(1,346)
Profit before tax		15,158	42,052
Income tax expenses	28	(4,999)	(9,155)
Profit for the year		10,159	32,897
Other comprehensive income		—	—
Total comprehensive income for the year, net of tax		10,159	32,897
Earnings per share			
Basic and diluted, tenge	6	50.80	164.49



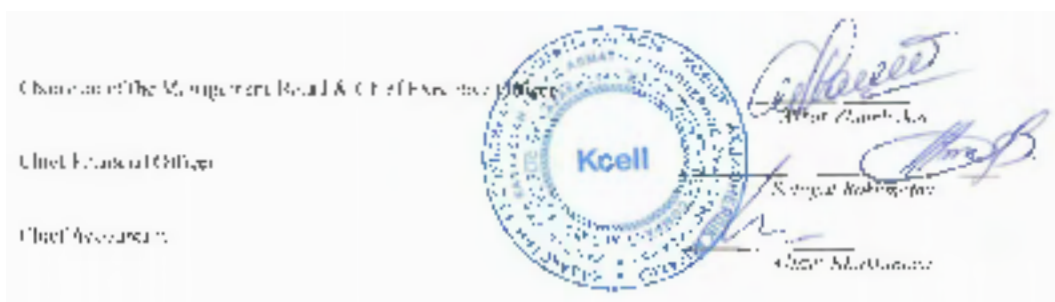
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2024**

<i>In millions of tenge</i>	Share capital	Additional paid-in capital	Retained earnings	Total equity
Balance at 1 January 2023	33,800	1,260	103,561	138,621
Net profit for the year	-	-	32,897	32,897
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	32,897	32,897
At 31 December 2023	33,800	1,260	136,458	171,518
Net profit for the year	-	-	10,159	10,159
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	10,159	10,159
Reclassification from additional paid-in capital (<i>Note 15</i>)	-	(1,260)	1,260	-
At 31 December 2024	33,800	-	147,877	181,677



The accounting policies and notes on pages 6 to 50 are an integral part of these consolidated financial statements.





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CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended 31 December 2024**

<i>In millions of tenge</i>	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		15,158	42,052
Adjustments for:			
Impairment of financial assets	9	3,156	5,702
Recovery of provision for legal claims on contractual obligation	20, 27	(14)	(721)
Accrual of provision	20, 27	5,428	1,861
Finance costs	26	22,172	12,889
Depreciation of property and equipment, investment property and right-of-use assets	7, 16	29,171	22,130
Amortisation of intangible assets	8	22,024	22,344
Write-off of inventory to net realizable value	10, 24	441	600
Income from accounts payable write-off	27	(51)	(1,049)
Finance income	26	(3,400)	(5,339)
Loss on disposal of property and equipment, intangible assets	27	205	558
Income from government grants	21	(5,853)	(3,746)
Net foreign exchange loss		733	391
Operating cash flows before working capital changes		89,170	97,672
Change in inventories		(612)	(2,389)
Change in trade receivables		1,335	(6,449)
Change in other current non-financial assets		1,341	(929)
Change in other current financial assets		1,797	(1,367)
Change in cost to obtain contracts		(221)	(116)
Change in trade payables		(5,932)	51
Change in due to employees		247	244
Change in contract liabilities		(1,135)	4,216
Change in taxes payable other than income tax		17,948	11,801
Cash flows generated from operations		103,938	102,734
Income tax paid		(5,600)	(13,852)
Interest received		808	2,669
Interest paid	30	(19,926)	(11,314)
Net cash inflows from operating activities		79,220	80,237
Cash flows from investing activities			
Purchase of property and equipment		(61,442)	(69,393)
Purchase of intangible assets		(18,094)	(90,701)
Proceeds from disposal of property and equipment		87	130
Proceeds from redemption of financial assets at amortised cost	13	-	49,358
Purchase of financial assets at amortised cost	13	-	(34,545)
Other		(2)	-
Net cash flows used in investing activities		(79,451)	(145,151)

The accounting policies and notes on pages 6 to 50 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

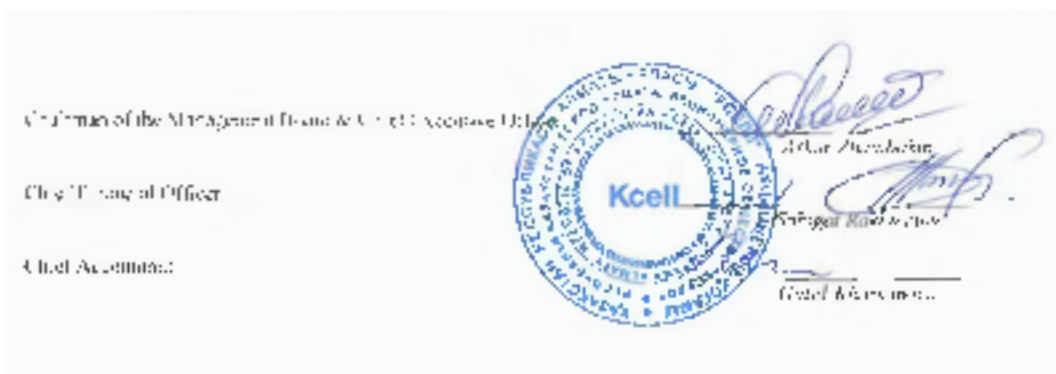
<i>In millions of tenge</i>	Notes	2024	2023
Cash flows from financing activities			
Proceeds from borrowings	30	167,177	110,761
Repayment of borrowings	30	(162,281)	(74,157)
Repayment of principal portion of lease liabilities	30	(7,253)	(5,952)
Net cash flows (used in) / from financing activities		(2,357)	30,652
Net used in cash and cash equivalents		(2,588)	(34,262)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		358	(955)
Cash and cash equivalents at the beginning of the year		11,031	46,248
Cash and cash equivalents at the end of the year	14	8,801	11,031

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 14,748 million tenge (2023: 10,615 million tenge) represented by 90% reduction in the annual fee for use of radio frequencies.

In 2024, the Group paid an amount of 30,777 million tenge for property and equipment purchased in prior year (2023: 26,700 million tenge). Property and equipment in the amount of 31,763 million was purchased in 2024 but not paid as at 31 December 2024 (2023: 30,777 million tenge). In 2024, the Group transferred 2,292 million tenge from prepaid income tax to taxes payable other than income tax.



The accounting policies and notes on pages 6 to 50 are an integral part of these consolidated financial statements.

The full version of the financial statements is available on the website

https://static.kcell.kz/files/new_investors/Formatedd_RUS_FS_12m_2024_Consolidated_signed.pdf

