NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended on 31 March 2024

1. GENERAL INFORMATION

Kazakhstan Electricity Grid Operating Company JSC ("the Company" or "KEGOC") was established in accordance with the Government Resolution of the Republic of Kazakhstan No. 1188 dated 28 September 1996 by transferring of selected assets of the former National Energy System "Kazakhstanenergo".

As at 31 March 2024, the Company's major shareholder is Sovereign Wealth Fund "Samruk-Kazyna" JSC ("Samruk-Kazyna") (85% share ownership). Samruk-Kazyna is controlled by the Government of the Republic of Kazakhstan. The remaining 15% of shares were placed in 2014 and 2023 on the organized securities markets of Kazakhstan Stock Exchange JSC (KASE) and Astana International Exchange (AIX, AIFC Exchange).

KEGOC is a national company rendering the services of electricity transmission, use of the national power grid, technical dispatching, and electricity generation-consumption balancing in Kazakhstan. As the state-appointed system operator, the Company provides centralized dispatching control, ensures parallel work with energy systems of other countries, maintains the balance in energy system, provides system services and acquires auxiliary services from wholesale entities at energy market, as well as transmits electricity through national power grid (the "NPG"), ensures its technical support and maintenance. The NPG consists of substations, switchgear devices, interregional and/or international power transmission lines which provide the output of electricity of electrical stations with the voltage of 220 kV and higher.

On April 19, 2023, the Head of State signed the Law "On Amendments to Certain Legislative Acts of the Republic of Kazakhstan (hereinafter referred to as the RK) on Administrative Reform," which provides, among other things, for amendments to the Law "On Electric Power Industry" (hereinafter referred to as the Law) in terms of changing the target model of the wholesale electricity market from July 1, 2023 by introducing the institution of a Single Electricity Purchaser (hereinafter referred to as the Single Purchaser) and switching the balancing electricity market (hereinafter referred to as BEM) from simulation to real time.

NB: A single purchaser is a legal entity with one hundred percent state participation, determined by an authorized body, carrying out centralized purchase and centralized sale of scheduled volumes of electricity.

With this wholesale market model, the Single Purchaser, every hour, makes a centralized purchase of the declared scheduled volumes of electrical energy from energy producing organizations (hereinafter referred to as EPO), with the exception of renewable sources of electricity (hereinafter referred to as RES), which have bilateral agreements, within their marginal tariffs, sells electricity energy at an average price for all consumers and in the event of a shortage of electrical energy in the unified power system of the Republic of Kazakhstan (hereinafter referred to as the UPS of the Republic of Kazakhstan), it carries out its planned import.

The centralized purchase of electrical energy from wholesale market entities is carried out by the Single Purchaser in the order of priority specified in the Law.

Due to the fact that the Single Purchaser model excludes *"targeted"* distribution of electrical energy (*from the station to the consumer*), the system operator is introducing a new service: "the use of the NPG", which provides O&M and maintenance of operational readiness of the NPG, provided to all market participants, with the exception of the conditional consumer, on a contractual basis.

NB: a conditional consumer is a wholesale consumer who purchases electrical energy from EPO, members of the same group of entities, an industrial complex and a qualified consumer, determined in accordance with the Law of the Republic of Kazakhstan "On Supporting the Use of Renewable Energy Sources".

In case of imbalances caused by deviations of participants in the wholesale electricity market from the scheduled production/consumption of electricity, the participant in the wholesale market shall settle them at BEM.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

BEM provides for financial responsibility of participants by targeting the distribution of payment for any imbalances at prices prevailing on BEM, which should lead to a reduction in the consumption of electrical energy by consumers during peak hours, as well as stimulate EPO through increased payment for additional generation of electrical energy. All BEM entities, independently or through a market provider, enter into agreements with the BEM Settlement Center for financial settlement of imbalances.

NB: the BEM settlement centre is an organization determined by the authorized body that carries out the centralized purchase and sale of balancing electricity and negative imbalances on the BEM.

Physical settlement of the volumes of production and consumption, import and export of electrical energy both on the wholesale electrical energy market and on the BEM is carried out by the System Operator through the formation and approval of a daily schedule of production and consumption of electrical energy in the balancing market system.

This innovation is aimed at solving the problem of the projected shortage of electrical energy for the next three to five years and creating equal conditions for the competitiveness of all participants included in the list of participants of the wholesale electrical energy market kept by the System Operator in accordance with by-laws.

As on 31 March 2024 and 31 December 2023, the Company owned the following subsidiary:

		Ownership share	
Company	**Activity**	**31 March 2024**	31 December 2023
Energoinform JSC	Maintenance of the KEGOC's IT system	**100%**	100%

The Company and its subsidiary are hereinafter collectively referred to as "the Group".

The Company's head office is registered at: 59 Tauyelsizdik Ave, Z00T2D0, Astana, Kazakhstan.

The accompanying interim condensed consolidated financial statements of the Group were approved by the Managing director for economics and finance and the Chief Accountant on 30 April 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") IAS 34 *Interim Financial Reporting*, as approved by the International Financial Reporting Standards Board (hereinafter "IASB").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. The interim condensed consolidated financial statements are presented in Kazakhstan Tenge ("Tenge" or "KZT") and all values are rounded to the nearest thousands, except when otherwise indicated.

The Group has prepared interim condensed consolidated financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 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 provide it the current ability to manage the relevant activities of the investee);
- exposure, or rights, to variable income from its involvement with the investee;
- ability of the Group to use its power to influence the amount of income.

As a rule, it is assumed that most voting rights determine the existence of control. 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 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 or not 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 statement of comprehensive income 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 parent of the Group 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 into 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 of a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity and recognizes the resulting gain or loss in profit or loss. The remaining investments are recognized at fair value.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments adopted to the existing standards and interpretations applied by the Company for the first time

The accounting policy adopted in the preparation of the consolidated financial statements are in line with the policy applied in preparing the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the new standards adopted that came into force on January 1, 2024. The Group has not early adopted any standards, clarifications or amendments that have been issued but are not yet effective.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

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 impact of supplier financing arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that a company is not required to disclose information in any interim periods in the year of initial application of the amendments. Thus amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 – Lease Liabilities in Sale and Leasebacks

In September 2022, the IASB issued amendments to IFRS 16 clarifying the requirements that the seller-lessee uses when measuring the lease liability arising in a sale and leaseback transaction to ensure that the seller-lessee does not recognize any the amount of profit or loss relating to the right of use which he retains.

The amendments had no impact on the consolidated financial statements of the Group.

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

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

- what is meant by the right to defer settlement;
- the right to deferment must exist at the end of the reporting period;
- the classification is not affected by the likelihood that the entity will exercise its right to defer.
- the terms of the liability will not affect its classification only if the derivative instrument embedded in the convertible liability is itself an equity instrument.

In addition, a requirement was introduced that an entity must disclose information when an obligation arising from a loan agreement is classified as non-current and the entity's right to defer repayment is contingent on compliance with future obligations within twelve months.

The amendments had no impact on the consolidated financial statements of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of assets and liabilities into current/short-term and non-current/long-term

The Group presents assets and liabilities in the consolidated statement of financial position as current/short-term and non-current/long-term.

An asset is current when it is:

- expected to be realized or intended to sold or consumed in normal operating cycle;
- intended for the purpose of trading;
- expected to be realized 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.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in 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 Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current/long-term assets and liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures financial instruments such as financial assets at fair value at each reporting date and non-financial assets (NPG assets) at fair value when their fair value differs significantly from their residual value.

Fair value is the price that would be received from sale of 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 to 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 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group’s finance management determines the policies and procedures for both recurring fair value measurement, such as NPG assets and unquoted AFS financial assets, and for non-recurring measurement, if any.

External valuers are involved for valuation of NPG assets. Involvement of external valuers is decided upon annually by the finance management. Selection criteria include market knowledge, sectoral experience, reputation, independence and whether professional standards are maintained. The finance management decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

At each reporting date, the finance management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset of revalued class of property, plant and equipment in accordance with Group accounting policy with relevant external sources to determine whether the change is reasonable. The finance management and external valuers discuss the major assumptions used in the valuations.

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.

Foreign currency transactions

The Group's consolidated financial statements are presented in Tenge (or "KZT"). Tenge is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group 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 functional currency spot rate of exchange at the reporting date.

All exchange differences arising on settlement or translation of monetary items are included in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

Exchange rates for foreign currencies in which the Group had significant transactions are represented as follows:

Exchange rate as at the end of the period (to Tenge)	**31 March 2024**	31 December 2023
1 USD	**446.78**	454.56
1 EUR	**481.81**	502.24
1 RUB	**4.84**	5.06

Average exchange rate for the reporting period (to Tenge)	**3 months 2024**	3 months 2023
1 USD	**450.36**	454.93
1 EUR	**488.94**	488.18
1 RUB	**4.97**	6.27

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, except for NPG assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

NPG assets are measured at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation reserve is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in consolidated statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is computed on a straight-line basis over the estimated useful lives set out in the following table:

Buildings	60 years
NPG assets	
Buildings, structures, machinery and equipment of NPG	8-100 years
Vehicles and other fixed assets	
Other machinery and equipment and vehicles	2-50 years
Other property, plant and equipment not included in other groups	2-20 years

Land is not depreciated.

The useful lives and residual values of property, plant and equipment are reviewed annually and, where applicable, adjustments are made on a prospective basis.

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*. These estimates may have a material impact on the amounts of the carrying amount of property, plant and equipment and on depreciation expenses recognized in the consolidated statement of comprehensive income.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of an asset (calculated as the difference between the net proceeds to and from disposal and the carrying amount of the asset) is included in profit or loss in the reporting year in which the asset is derecognised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets of the Group, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit and loss in the period in which expenditure is incurred.

Intangible assets of the Group consist primarily of licenses and software. Intangible assets are amortized on a straight-line basis over their estimated useful lives, generally from 3 to 5 years.

Impairment of non-financial assets

At each reporting date, the Group assesses 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 amount. The recoverable amount of an asset or cash generating unit (CGU) is the higher of the fair value of the asset (CGU), less costs to sell, and the value in use of the asset (CGU). 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing 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 fair value less costs to sell, recent market transactions are taken into account. 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 value in use, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 5 (five) years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for NPG assets previously revalued with the revaluation taken to OCI. For such assets, the impairment is recognized in OCI up to the amount of any previous revaluation. At each reporting date the Group assesses whether there is an indication that previously recognised impairment losses no longer exist or 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. Reversal is limited so that the asset's carrying amount does not exceed its recoverable amount and cannot exceed its carrying amount, less depreciation, at which the asset would have been recognized if no impairment loss had been recognized in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation surplus. In these cases, the reversal is recorded as an increase in value from revaluation.

The Group assesses whether risks associated with climate change, including physical and transition risks, are likely to have a significant impact. If there is such an impact, these risks are taken into account in the cash flow forecast when assessing value in use.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group’s investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment subsequently increases or decreases due to the recognition of the Group's share of changes in the net assets of the associate arising after the acquisition date. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized and is not separately tested for impairment.

The consolidated statement of comprehensive income reflects the Group’s share of the results of operations of the associate. If there has been a change directly recognized in the equity of the associate, the Group recognizes its share of the change and discloses that fact, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses arising from transactions of the Group with an associate are eliminated to the extent that the Group has an interest in the associate.

The aggregate of the Group’s share of profit or loss of an associate is shown on the face of the condensed consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount, then recognized the loss as ‘Share in profit of an associate’ in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognized any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments − initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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 as disclosed in *Revenue Recognition* section.

In order 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.

All purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date. i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group classifies trade and other receivables and other financial assets into the category of financial assets measured at amortised cost.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value, with net changes in fair value recognised in the consolidated statement of comprehensive income. This category includes instruments that the Group has designated at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e., removed from the Group's consolidated statement of financial position) when

- 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of 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.

Recognition of expected credit loss

The Group recognises an allowance for expected credit losses on financial assets measured at amortised cost equal to the expected credit losses over the whole term if the credit loss has increased significantly since initial recognition.

Detailed disclosures on impairment of financial assets are also provided in the following notes:

- disclosure of significant assumptions *(Note 4)*;
- trade receivables and other current and financial assets, including cash and cash equivalents except for those at fair value through profit or loss *(Notes 9, 10, 11, 12, 13).*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Recognition of expected credit loss (continued)

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not carried at fair value through profit or loss. The ECL is calculated based on the difference between the cash flows due under the contract and all cash flows that the Group expects to receive, discounted using the original effective interest rate or its approximate value. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are an integral part of the contractual terms.

The ECLs are recognised in two stages. For financial instruments where credit risk has not increased significantly since initial recognition, an allowance is made for credit losses that may arise from defaults over the next 12 months (12-month expected credit losses). For financial instruments where the credit risk has increased significantly since initial recognition, an allowance is made for losses that may arise from credit losses over the remaining term of the financial instrument, irrespective of when the default occurs (lifetime expected credit losses)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Consequently, the Group does not monitor changes in credit risk, but instead recognizes a loss allowance at each reporting date in an amount equal to lifetime expected credit losses. The Group used a valuation allowance matrix based on its past experience of credit losses, adjusted for forecast factors specific to the borrowers and general economic conditions.

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 at initial recognition are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value, net of directly attributable transaction costs in the case of loans, bonds issued and payables.

The Group's financial liabilities include trade and other payables, loans and bonds issued.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

<u>Borrowings and bonds issued</u>

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 fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the interim consolidated statement of comprehensive income.

<u>Trade and other accounts payable</u>

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

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 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 the 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 offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventory

Inventories are accounted for on a FIFO basis.

Inventories are valued at the lower of cost and net realizable value.

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.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity till 3 (three) months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted cash

If cash is restricted in use for the period not exceeding 12 (twelve) months from the reporting date, such cash is treated as current asset and an appropriate disclosure is provided in the notes to the consolidated financial statements. If cash is restricted in use for the period exceeding 12 (twelve) months from the reporting date, such cash is reflected within non-current assets.

Reserves

Reserves 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 any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

The Group recognizes revenue to reflect the provision of promised services to consumers in the amount of compensation that the Group expects to be entitled to receive in exchange for goods or services.

The Group, when recognizing revenue, takes the following steps:

1) Identification of the contract with the consumer;
2) Identification of the obligation to be executed under the contract;
3) Determination of transaction price;
4) Distribution of the transaction price between certain duties to be performed under the contract;
5) Recognition of proceeds at the time of (or as far as) the performance of the obligations to be performed under the contract.

Revenue from rendering of services is recognized by reference to the stage of completion. The Group receives income from the provision of services: for the transmission of electricity from producers to wholesale and large consumers; for use of the national power grid; for the technical dispatching of electricity supply and consumption in the grid; for the balancing of production and consumption of electricity, as well as services for ensuring contractual electricity flows to and from the neighbouring power systems and other services.

Tariffs for charging income for electricity transmission, use of the national power grid, technical dispatching and balancing of electricity production/consumption are approved by the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter, the "Committee").

The revenues from providing a contractual electricity flows to/from energy systems of neighbouring countries are recognised in accordance with terms of contracts conducted on the basis of Agreement between the Government of Republic of Kazakhstan and Russian Federation *On Measures Securing Parallel Operation of Unified Power Systems of the Republic of Kazakhstan and Russian Federation*.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade accounts receivable

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 of financial assets in section *Financial instruments – initial recognition and subsequent measurement.*

Contract obligations

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 available for sale, interest income or expense is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the consolidated statement of comprehensive income.

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 they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Lease

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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group as a lessor

Leases under which the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other income in the statement of consolidated income due to its operating nature. Initial direct costs incurred in entering into an operating lease are included in the carrying amount of the leased asset and are recognized over the lease term on the same basis as rental income. Contingent rent payments are recognized as revenue in the period in which they are received.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension obligations

In accordance with the legislation of the Republic of Kazakhstan, the Group deducted 10% of employees' salaries, but no more than 425,000 tenge per month (2023: 350,000 tenge) to accumulative pension funds. Pension fund payments are withheld from employees' salaries and included with payroll expenses in the consolidated statement of comprehensive income when they are incurred. The Group has no other retirement benefit obligations.

Current corporate income tax

Current corporate income tax assets and liabilities for the current and previous periods 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 income.

Current corporate 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 income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 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:

- where 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 ventures, 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 is reduced to the extent that it is estimated that it is unlikely that sufficient taxable profit will be achieved to enable the use of all or part of the deferred tax assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax (continued)

Unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit 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 in the 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 at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are approved before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the consolidated financial statements, but are disclosed in the consolidated financial statements unless the possibility of any outflow in settlement is remote.

A contingent asset is not recognised in the consolidated financial statements but disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures, and the disclosure of contingent liabilities and assets. 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.

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 when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Revaluation of property, plant and equipment

The Group performed revaluation of NPG assets as at 1 December 2022. The Group engaged Grant Thornton Appraisal LLP an accredited independent appraiser, to assess the fair value of the NPG assets.

Revalued UPS assets represent one asset class under IFRS 13 – Fair Value Measurement, based on the nature, characteristics and risks inherent in the asset. The inputs to the fair value measurement of NPG assets are categorised as Level 3 in the fair value hierarchy (unobservable inputs).

Fair value of NPG assets was determined by using the cost approach. The cost approach has been used due to highly specialized nature of the assets and because there is no history of such assets ever being sold. Within cost approach, the method of determining the replacement cost or the cost of reproduction was used to calculate the total cost of replacement of fixed assets less all types of accumulated depreciation, as well as the method of calculation by analogues, the method of specific indicators and the method of indexation of past costs.

The appraised current replacement cost has been further compared to the recoverable amount identified based on the discounted cash flow model. The cash flows in the model are taken from the Group's approved budget for the next 5 (five) years. In forecasting the Group's revenue, tariffs for regulated services in electricity transmission, technical dispatch and organisation of balancing of electricity generation and consumption for the period from 1 October 2021 to 30 September 2026 approved by the Committee were taken into account. Based on the results of the analysis, the recoverable amount of property, plant and equipment exceeded its current replacement cost.

As a result of the valuation, the fair value of the NPG assets as at the valuation date (1 December 2022) amounted to 774,045,986 thousand tenge. Decrease in the revalued amount of 100,105,029 thousand tenge was recognised in other comprehensive income for 2022, with a corresponding deferred tax benefit of 20,021,005 thousand tenge. The increase in value of certain previously impaired assets was recorded in the statement of comprehensive income in the amount of 949,895 thousand tenge, together with a decrease in value of certain assets in the amount of 4,524,870 thousand tenge.

In assessment of the fair value in 2022 the following main assumptions have been applied:

Discount rate (WACC)	12.97%
Long term growth rate	3.09%
Average remaining useful life of the primary asset	40 years

An increase in the discount rate by 0.5% or a reduction in long term growth rate by 0.5% would result in a decrease in the fair value of Group's property, plant and equipment by approximately 46,537,397 thousand tenge or 24,247,101 thousand tenge, respectively.

Useful life of property, plant and equipment

The Group estimates the remaining useful lives of property, plant and equipment at least at the end of each financial year and, if expectations differ from previous estimates, changes are accounted for as changes in estimates in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of the Group's international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense or corporate income tax saving already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Group and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the activities and the nature of the Group's operations.

As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Fair values of financial instruments

In cases where the fair value of financial assets and financial liabilities recognized in the consolidated statement of financial position cannot be determined from active markets, it is determined using valuation techniques, including a discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value reported in the consolidated financial statements.

DSFK Bonds

On 28 December 2017, in accordance with the Decree of the Government of the Republic of Kazakhstan dated 7 November 2017, the Group acquired bonds of Special Financial Company DSFK LLP (“DSFK bonds”) using the funds placed with RBK Bank JSC (“RBK Bank”). The nominal value of deposits placed with RBK Bank before the transaction was 1,498,249 thousand tenge. DSFK bonds carry coupon interest of 0.01% per annum (paid annually) and mature in 15 years. The bonds are secured by a financial guarantee of Kazakhmys Corporation LLP of 411,883 thousand tenge. The guarantee is exercisable upon request of the Group not earlier than the fifth anniversary after the inception of the bonds.

During 2023, the Group repeatedly requested Kazakhmys Corporation LLP to make payment under the guarantee. In connection with the failure to fulfil the obligation on the part of Kazakhmys Corporation LLP, the Group filed a claim in court. As a result of the trial, the court decided to recover from Kazakhmys Corporation LLP in favour of KEGOC JSC the amount of debt under the guarantee in the amount of 411,883 thousand tenge. On January 3, 2024, Kazakhmys Corporation LLP fully repaid the debt under the guarantee in the amount of 411,883 thousand tenge, according to the court decision.

The Group's management believes that as at 31 March 2024, the fair value of the DSFK bonds is nil, as they cannot be measured reliably. The remaining amount of bonds will be restored as funds are received from Special Financial Company DSFK LLP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimated allowance for expected credit losses on receivables

The Group uses a provision matrix to calculate ECL for accounts receivable. Valuation allowance rates are based on the number of days delayed payment by the groups of different customer segments with similar loss patterns (i.e. geographic region, product type, customer type and rating, collateral through letters of credit and other forms of credit risk insurance).

The provision matrix is initially based on observable historical defaults. The Group will update the matrix to adjust past credit loss experience based on forward-looking information. At each reporting date, the observed data on the default rates in the previous periods are updated and the changes in the forecast estimates are analyzed.

Assessing the relationship between historical observed default rates, projected economic conditions and ECL is a significant estimate. ECL is sensitive to changes in circumstances and projected economic conditions. The Group's past experience of incurring credit losses and forecasts of economic conditions may also not be indicative of actual customer default in the future.

5. OPERATING SEGMENTS INFORMATION

Geographic information

Revenues from external customers based on the geographic locations of the customers represent the following:

	For three-month period ended	
In thousands tenge	**31 March 2024**	31 March 2023
Revenue from Kazakhstan customers	**77,260,287**	57,320,950
Revenue from Russian customers	**7,356,310**	3,127,610
Revenue from Uzbekistan customers	**129,967**	155,089
Revenue from Kyrgys customers	**377,766**	–
Total revenue per interim consolidated statement of comprehensive income	**85,124,330**	60,603,649

Management analyses the Group's revenue and profit before tax determined in accordance with IFRS.

For 3 months ended 31 March 2024 the revenue from one Group's consumer, Samruk-Energo Group, including its joint-ventures, amounted to 7,955,118 thousand tenge and includes revenue from electricity transmission and the provision of related support (for three months ended 31 March 2023: 6,409,444 thousand tenge).

For management purposes, all of the Group's activities constitute one operating segment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES PAID FOR NON-CURRENT ASSETS

During the three months ended 31 March 2024 the Group acquired assets with a total initial value of 8,292,214 thousand tenge (for the three months ended 31 March 2023: 5,913,416 thousand tenge). Acquisitions were mainly represented by capital expenditures for "West Kazakhstan Electricity Transmission Reinforcement Project. Construction of electrical grid facilities" and other projects.

Depreciation accrued for the the three months ended on 31 March 2024 amounted to 12,460,048 thousand tenge (for the three months ended 31 March 2023: 12,722,283 thousand tenge).

Capitalized costs on issued bonds

During the period ended 31 March 2024 the Group capitalised interest costs on coupon payments on bonds issued less investment income in the amount of 2,299,145 thousand tenge (three months ended 31 March 2023: 1,595,057 thousand tenge) *(Note 16).*

Construction in progress

Unfinished construction is mainly represented by equipment and construction and installation work for the implementation of "West Kazakhstan Electricity Transmission Reinforcement Project. Construction of Power Grid Facilities" and "Rehabilitation of 220-500 kV OHTLs in Aktyubinskiye MES branch, Zapadnye MES branch and Sarbaiskiye MES branch of KEGOC (stage 1)".

Advances paid for non-current assets

As at 31 March 2024, advances paid for non-current assets mainly represent advances paid to suppliers for construction works and services for "West Kazakhstan Electricity Transmission Reinforcement Project. Construction of Power Grid Facilities" and other projects.

7. INVESTMENTS IN ASSOCIATES

The Group has 20% share in Batys Transit JSC. Principal place of operations and country of incorporation of Batys Transit JSC ("Batys Transit") is the Republic of Kazakhstan. The main activity of Batys Transit is realization of a project on construction and exploitation of interregional power line, which connects the North Kazakhstan region with Aktobe region and construction and exploitation of street lighting networks in Atyrau city. Batys Transit has bonds traded on the Kazakhstan Stock Exchange. The following table illustrates the summarised financial information about Batys Transit:

In thousands tenge	**31 March 2024**	31 December 2023
Current assets	**19,642,500**	26,598,279
Non-current assets	**30,268,871**	20,590,070
Current liabilities	**(6,519,630)**	(6,271,121)
Non-current liabilities	**(28,166,754)**	(26,203,433)
Net assets	**15,224,987**	14,713,795

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENT IN AN ASSOCIATE (continued)

In thousands tenge	**31 March 2024**	31 December 2023
Group's share in net assets	**3,044,997**	2,942,759
Carrying amount of the investments	**3,044,997**	2,942,759

In thousands of tenge	**31 March 2024**	31 March 2023
Income	**1,851,863**	3,572,273
Net income / (loss)	**511,192**	(329,015)
Group's share of profit / (loss) for the reporting period	**102,238**	(65,803)

As at 31 March 2024 and 31 December 2023, the associate had no contingent liabilities or future capital expenditure commitments.

8. INVENTORIES

In thousands tenge	**31 March 2024**	31 December 2023
Raw and other materials	**2,918,165**	1,677,486
Spare parts	**2,316,462**	1,551,497
Fuel and lubricants	**150,249**	135,314
Other inventories	**510,337**	400,591
Less: allowance for obsolete inventories	**(609,261)**	(475,622)
	5,285,952	3,289,266

Movement in the allowance for obsolete inventories was as follows:

In thousands tenge	**2024**	2023
As on 1 January	**475,622**	409,207
Accrual	**143,827**	18,867
Reversal of previously accrued allowance	**(10,188)**	(29,653)
Write-off	**–**	–
As on 31 March	**609,261**	398,421

9. TRADE ACCOUNTS RECEIVABLE

In thousands tenge	**31 March 2024**	31 December 2023
Trade accounts receivable	**46,547,336**	39,293,514
Less: provision for expected credit losses and impairment	**(5,284,426)**	(4,978,608)
	41,262,910	34,314,906

Movement in the provision for expected credit losses was as follows:

In thousands tenge	**2024**	2023
As on 1 January	**4,978,608**	2,613,649
Accrual	**1,014,015**	221,525
Reversal of previously accrued provision	**(708,197)**	(138,627)
Write-off	**–**	–
As on 31 March	**5,284,426**	2,696,547

As at 31 March 2024 trade accounts receivable included accounts receivable from the customer, National Power Grid of Uzbekistan JSC, in the amount of 1,662,946 thousand tenge (31 December 2023: 1,632,185 thousand tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. TRADE ACCOUNTS RECEIVABLE (continued)

As of 31 March 2024, the provision for expected credit losses on debt from National Power Grids of Uzbekistan JSC amounted to 1,556,736 thousand tenge (31 December 2023: 1,583,360 thousand tenge).

Set out below is the information about the credit risk exposure on the Group's trade accounts receivable using a provision matrix:

	Trade accounts receivable					
			Days past due			
In thousands tenge	**Total**	**Current**	**30-90 days**	**91-180 days**	**181-270 days**	**Above 271 days**
31 March 2024						
Percentage of expected credit losses	**11.35%**	**1.36%**	**15.18%**	**54.46%**	**80.75%**	**98.84%**
Estimated total gross carrying amount at default	**46,547,336**	**38,653,377**	**3,108,592**	**931,934**	**155,587**	**3,697,846**
Expected credit losses	**(5,284,426)**	**(524,410)**	**(471,737)**	**(507,559)**	**(125,636)**	**(3,655,084)**
	41,262,910	**38,128,967**	**2,636,855**	**424,375**	**29,951**	**42,762**
31 December 2023						
Percentage of expected credit losses	12.67%	0.97%	17.32%	60.98%	80.09%	98.66%
Estimated total gross carrying amount at default	39,293,514	31,322,960	3,498,241	679,302	465,547	3,327,464
Expected credit losses	(4,978,608)	(302,426)	(606,068)	(414,264)	(372,853)	(3,282,997)
	34,314,906	31,020,534	2,892,173	265,038	92,694	44,467

Trade accounts receivable was denominated in the following currencies:

In thousands tenge	**31 March 2024**	31 December 2023
Tenge	**40,782,869**	34,233,827
Russian rouble	**337,255**	–
US dollar	**142,786**	81,079
	41,262,910	34,314,906

10. OTHER CURRENT ASSETS

In thousands tenge	**31 March 2024**	31 December 2023
Deferred expenses	**1,525,649**	126,055
Advances paid for goods and services	**992,073**	2,253,444
Other receivables from related parties for property, plant and equipment and construction in progress	**399,974**	399,974
Loans issued to employees	**469**	469
Other	**915,765**	862,710
Less: provision for expected credit losses and impairment	**(865,129)**	(908,975)
	2,968,801	2,733,677

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. OTHER CURRENT ASSETS (continued)

Movement in the provision for expected credit losses and impairment of other current assets are as follows:

In thousands tenge	**2024**	2023
As on 1 January	**908,975**	741,392
Accrual	**25,931**	108,468
Reversal of previously accrued provision	**(17,464)**	(15,716)
Write-off	**(52,313)**	–
As on 31 March	**865,129**	834,144

11. OTHER FINANCIAL ASSETS

In thousands tenge	**31 March 2024**	31 December 2023
Financial assets at amortised cost		
Bonds of Samruk-Kazyna	**15,000,000**	–
Notes of the National Bank of the Republic of Kazakhstan	**–**	23,172,951
Bank deposits	**5,238,124**	5,080,317
Placements with Eximbank Kazakhstan	**2,138,857**	2,138,857
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	**1,883,875**	1,920,172
Placements with DeltaBank JSC	**1,230,000**	1,230,000
Placements with KazInvestBank JSC	**1,198,169**	1,198,169
Bonds of Development Bank of Kazakhstan (DBK) JSC	**1,080,219**	1,101,857
Bonds of KazMunaiGas (KMG) NC JSC	**864,924**	877,600
Interest accrued on Samruk-Kazyna bonds	**143,229**	–
Interest accrued on Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	**33,689**	15,778
Interest accrued on the bonds of Development Bank of Kazakhstan JSC	**23,536**	8,329
Interest accrued on the bonds of KazMunaiGas (KMG) NC JSC	**18,982**	8,517
Less: provision for impairment of placements with Eximbank Kazakhstan	**(2,138,857)**	(2,138,857)
Less: provision for impairment of placements with DeltaBank JSC	**(1,230,000)**	(1,230,000)
Less: provision for impairment of placements with Kazinvestbank JSC	**(1,198,169)**	(1,198,169)
Less: provision for expected credit losses of other financial assets	**(16,723)**	(28,580)
	24,269,855	32,156,941
Financial assets at fair value through profit or loss		
Bonds of Special Financial Company DSFK	**25**	411,883
	25	411,883
Total other financial assets	**24,269,880**	32,568,824
Other current financial assets	**22,324,737**	30,589,367
Other non-current financial assets	**1,945,143**	1,979,457
Total other financial assets	**24,269,880**	32,568,824

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. OTHER FINANCIAL ASSETS (continued)

Movement in the provision for expected credit losses and impairment of other financial assets are as follows:

In thousands tenge	**2024**	2023
As on 1 January	**4,595,606**	4,622,572
Accrual	**11**	22
Reversal of previously accrued provision	**(11,868)**	(20,256)
Written off	**–**	–
As on 31 March	**4,583,749**	4,602,338

Bonds of Samruk-Kazyna JSC

On March 7, 2024, the Group purchased Samruk-Kazyna coupon bonds on the Kazakhstan Stock Exchange JSC with a floating annual rate in the amount of the base rate of the National Bank of the Republic of Kazakhstan minus 1.00%, for a total amount of 15,000,000 thousand tenge and with a term applications until March 7, 2025. The bonds were classified as carried at amortized cost.

Bonds of Development Bank of Kazakhstan JSC

On June 27, 29 and July 3, 2023, the Group purchased coupon international bonds of Development Bank of Kazakhstan JSC on the international market, at a rate of 5.75% per annum for a total amount of 2,436,560 US dollars (equivalent to 1,098,525 thousand tenge), maturing in May 12, 2025. The bonds were classified as carried at amortized cost.

Upon initial recognition, a premium was accrued in the amount of 46,560 US dollars (equivalent in 20,840 thousand tenge). For the three months of 2024 the amount of premium amortization was 2,789 thousand tenge.

Bonds of KazMunaiGas NC JSC

On June 27 and July 3, 2023, the Group purchased coupon international bonds of KazMunaiGas NC JSC on the international market, at a rate of 4.75% per annum for a total amount of 1,920,000 US dollars (equivalent to 867,067 thousand tenge), maturing in April 19, 2027. The bonds were classified as carried at amortized cost.

Upon initial recognition, a discount was accrued in the amount of 80,000 US dollars (equivalent in 35,792 thousand tenge). For the 3 months of 2024 the amount of discount amortization was 2,353 thousand tenge.

Notes of the National Bank of the Republic of Kazakhstan

During the 3 months of 2024, the amount of repayments for discount notes of the National Bank of the Republic of Kazakhstan amounted to 23,266,765 thousand tenge (for the period ended 31 March 2023: 19,207,145 thousand tenge). During the period ended 31 March 2024 the Group recognised finance income in the amount of 93,815 thousand tenge (during the period ended 31 March 2023: 144,239 thousand tenge) *(Note 23).*

Bank deposits

As at 31 March 2024 and 31 December 2023 the deposits include accrued interest income in the amount of 61,829 thousand tenge and 21,224 thousand tenge, respectively.

Eurobonds of the Ministry of Finance of the Republic of Kazakhstan

On 26 April 2019, the Group acquired Eurobonds of the Ministry of Finance of the Republic of Kazakhstan at a rate of 3.875% per annum and maturity until October 2024 at a price higher than the nominal amount of 4,368 thousand US dollars (equivalent of 1,883,875 thousand tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. OTHER FINANCIAL ASSETS (continued)

Funds held in "Eximbank Kazakhstan" JSC (hereinafter – "Eximbank Kazakhstan")

On 27 August 2018, based on the resolution of the Board of the National Bank of the Republic of Kazakhstan a decision was made to revoke the license of Eximbank Kazakhstan for accepting deposits and opening bank accounts for individuals. Accordingly, the Group reclassified cash and cash equivalents held with Eximbank to other financial assets and accrued an expected credit loss provision in the amount of 100%.

During the three months ended 31 March 2024 The Liquidation commission of the Eximbank Kazakhstan did not make the payment (for the three months ended 31 March 2023: 35.8 thousand US dollars, which is equivalent to 15,900 thousand tenge as of the date of payment).

Kazinvestbank and DeltaBank

No payments were made during the three months ended 31 March 2024 and 2023.

Bonds of Special Financial Company DSFK LLP

On January 3, 2024, Kazakhmys Corporation LLP made a guarantee payment in the amount of 411,883 thousand tenge.

During the three months ended 31 March 2024 and 2023 DSFK LLP redeemed bonds worth 543 thousand tenge and 20,893 thousand tenge respectively.

Other financial assets were denominated in the following currencies:

In thousands tenge	**Interest rate**	**31 March 2024**	31 December 2023
Tenge	0.01 – 14.25%	**20,306,670**	28,577,633
US dollar	2.5 – 5.75%	**3,963,210**	3,991,191
		24,269,880	32,568,824

12. RESTRICTED CASH

In thousands tenge	**31 March 2024**	31 December 2023
Cash reserved for return as contractors' collaterals	**899,446**	950,649
Cash in funding accounts	**775,254**	898,893
Less: provision for expected credit losses	**(3,013)**	(3,486)
	1,671,687	1,846,056

During the three months ended March 31, 2024 and 2023, no interest accrued on cash held for returning on short-term guarantee obligations.

During 2023, a funding deposit was placed with Halyk Bank of Kazakhstan JSC as part of financing mortgage lending to the Company's employees. At the end of the reporting period, March 31, 2024, the amount of the deposit amounted to 775,254 thousand tenge, including accrued interest of 186 thousand tenge (as of December 31, 2023: 898,483 thousand tenge and 410 thousand tenge, respectively).

The movement in the provision for expected credit losses on restricted cash was as follows:

In thousands tenge	**2024**	2023
As on 1 January	**3,486**	371
Accrual	**–**	3,358
Reversal of previously accrued provision	**(473)**	–
As on 31 March	**3,013**	3,729

As at 31 March 2024 and 31 December 2023, restricted cash was denominated in tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. CASH AND CASH EQUIVALENTS

In thousands tenge	**31 March 2024**	31 December 2023
Cash in reverse REPO transactions	**47,999,181**	20,056,276
Short-term deposits, in tenge	**24,397,317**	23,483,049
Short-term deposits, in foreign currencies	**1,398,310**	1,202,172
Current accounts with banks, in tenge	**242,144**	753,716
Current accounts with banks, in foreign currencies	**–**	55,054
Cash on hand in tenge	**3,590**	2,870
Cash on special accounts in tenge	**–**	2
Less: provision for expected credit losses	**(14,151)**	(24,616)
	74,026,391	45,528,523

The Group, as part of diversification, placed part of free liquidity in money market instruments, such as reverse REPOs secured by government securities.

During the period ended 31 March 2024 the Group placed short-term deposits with banks at 2.5-15.8% per annum in Tenge and current accounts with banks at 0.02% per annum.

Movement of the provision for expected credit losses on cash and cash equivalents is as follows:

In thousands tenge	**2024**	2023
As on 1 January	**24,616**	183,565
Accrual	**101**	64,137
Reversal of previously accrued provision	**(10,566)**	(169,208)
As on 31 March	**14,151**	78,494

As at 31 March 2024 and 31 December 2023, cash and cash equivalents were denominated in the following currencies:

In thousands tenge	**31 March 2024**	31 December 2023
Tenge	**72,634,220**	44,280,150
US dollar	**1,392,171**	1,248,354
Russian rouble	**–**	19
	74,026,391	45,528,523

14. EQUITY

As at 31 March 2024 and 31 December 2023, the Company's share capital amounted to 275,294,118 issued shares of which 275,292,728 were authorised and fully paid up for a total amount of 148,922,757 thousand tenge.

Treasury shares

In November 2016 the Group repurchased 1,390 outstanding shares in the open market for the total amount of 930 thousand tenge.

Asset revaluation reserve

Asset revaluation reserve is represented by revaluation surplus recognized as a result of revaluation of Group's National Power Grid (NPG) assets as on 1 December 2022 *(Note 6)* Transfer from asset revaluation reserve to retained earnings as a result of disposal of NPG assets for the period ended 31 March 2024 amounted to 228,359 thousand tenge (for the period ended 31 March 2023: 8,628 thousand tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. EQUITY (continued)

Earnings per share

Basic and diluted earnings per share are calculated by dividing net profit for the period by the weighted average number of common shares outstanding during the period. The Group had a weighted average number of ordinary shares outstanding of 275,292,728 for the period ended 31 March 2024 (year ended 31 December 2023: 262,219,400 shares). For the period ended 31 March 2024 and 2023 the basic and diluted earnings per share were 77.78 tenge and 51.82 tenge, respectively.

Book value per share

In accordance with the decision of the Exchange Board of the Kazakhstan Stock Exchange JSC ("KASE") dated 4 October 2010 financial statements shall disclose book value per share (ordinary and preferred) as of the reporting date, calculated in accordance with the KASE rules.

In thousands tenge	**31 March 2024**	31 December 2023
Total assets	**1,026,003,584**	1,001,785,007
Less: intangible assets	**(3,122,729)**	(3,163,452)
Less: total liabilities	**(318,872,220)**	(316,065,873)
Net assets	**704,008,635**	682,555,682
Number of ordinary shares	**275,292,728**	275,292,728
Book value per ordinary share tenge	**2,557**	2,479

15. BORROWINGS

In thousands tenge	**31 March 2024**	31 December 2023
The International Bank for Reconstruction and Development (IBRD)	**6,011,072**	6,735,812
	6,011,072	6,735,812
Less: current portion of loans repayable within 12 months	**(1,017,626)**	(1,146,917)
	4,993,446	5,588,895

As at 31 March 2024 and 31 December 2023 accrued and unpaid interest on loans amounted to 19,703 thousand tenge and 131,596 thousand tenge, respectively. As at 31 March 2024 and 31 December 2023 the unamortised part of loan arrangement fees amounted to 31,764 thousand tenge and 32,068 thousand tenge, respectively.

As at 31 March 2024 and 31 December 2023, the loans were denominated in USD.

Moinak Electricity Transmission Project

In 2009 to implement the Moinak Electricity Transmission Project, KEGOC received a credit facility to the amount of 48,000 thousand US dollars granted by IBRD for 25 years, including first five years of grace period. The credit facility is secured by the guarantee of the Government of Kazakhstan. Interest on the loan, starting from September 15, 2023, accrues at a monthly SOFR rate plus a fixed spread of 1.28% and is repaid semi-annually. In May 2013, the undisbursed part of IBRD loan to the amount of 3,274 thousand US dollars was cancelled because the actual Project costs appeared to be lower than expected. On 14 September 2023, the Group made partial early repayment of the loan in the amount of 10,000 thousand US dollars was made. As of 31 March 2024 and 31 December 2023, the outstanding balance of the loan is 13,481 thousand US dollars (equivalent of 6,023,133 thousand tenge) and 14,599 thousand US dollars (equivalent of 6,636,284 thousand tenge), respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. BONDS PAYABLE

In thousands tenge	**31 March 2024**	31 December 2023
Nominal value of bonds issued	**150,941,100**	150,941,100
Accrued coupon interest	**12,973,935**	7,277,659
Less: discount on issued bonds	**(1,307,995)**	(1,337,888)
Less: transaction costs	**(79,334)**	(81,294)
	162,527,706	156,799,577
Less: current portion of bonds repayable within 12 months	**(12,973,935)**	(7,277,659)
	149,553,771	149,521,918

As a part of the Nurly Zhol state program, the Group placed two tranches of coupon bonds at the Kazakhstan Stock Exchange JSC in order to finance the project of "Construction of a 500 kV OHTL Semey – Aktogay – Taldykorgan – Alma":

(a) During the period from June to August 2016 the Group issued coupon bonds with nominal amount of 47,500,000 thousand tenge under floating interest rate equal to the inflation rate in Republic of Kazakhstan plus 2.9% with the maturity in 2031 (the minimum rate of the consumer price index is set at 5%). The coupon rate for the period from January 1, 2022 to May 26, 2022 was 9.9% per annum, from May 27, 2022 to May 26, 2023 was 14.9% per annum, from May 27, 2023 to March 31, 2024 was 18.9% per annum. All bonds under this tranche were purchased by the Unified Accumulative Pension Fund. The bonds were placed at a discount of 111,945 thousand tenge.

(b) In August 2017, the Group placed the second tranche of coupon bonds amounting to 36,300,000 thousand tenge with a fixed rate of 11.5%. All bonds under this program were acquired by Unified Accumulative Pension Fund and other entities.

To implement the investment project "Rehabilitation of 220-500 kV OHTLs in branches of KEGOC" and "West Kazakhstan Electricity Transmission Reinforcement Project. Construction of Power Grid Facilities":

- On 28 May 2020, bonds of KEGOC were placed on the trading floor of Kazakhstan Stock Exchange JSC (KASE) with a nominal value of 9,700,000 thousand tenge with a yield of 11% per annum and maturity ending in 2035. The bonds were placed at a discount in the amount of 667,593 thousand tenge. As a result of the trades, 89.6% of bonds were purchased by the second-tier banks, 9.9% - by other institutional investors, 0.5% - by other legal entities.

- On 27 January 2021, KEGOC's bonds were placed on the trading floor of KASE with nominal volume of 8,869,672 thousand tenge with an average weighted yield to maturity of 11,62% per annum and maturity ending in 2035. The bonds were placed at a discount in the amount of 380,267 thousand tenge, the accrued coupon interest on the date of placement was 159,900 thousand tenge. As a result of trades, 22.6% of bonds by the volume of attracted were purchased by broker-dealer organizations, 72.8% by other institutional investors, 4.6%− by other legal entities.

- On 21 October 2021, KEGOC's bonds were placed on the trading floor of KASE with nominal volume of 16,430,328 thousand tenge with an average weighted yield to maturity of 11,5% per annum and maturity ending in 2035. The bonds were placed at a discount in the amount of 562,427 thousand tenge, the accrued coupon interest on the date of placement was 717,914 thousand tenge. As a result of trades, 86.7% of the bonds were purchases by Eurasian Development bank JSC and other banks, 13.3% – by other institutional investors.

- On December 21, 2022, the placement of "green" bonds of KEGOC took place on the trading platform of Kazakhstan Stock Exchange JSC (KASE) with a total volume of 16,141,100 thousand tenge with a floating rate equal to the TONIA rate plus a margin of 3% and a maturity date of up to 2037. In the context of the main categories of investors, 50.4% were banks, 49.6% were other institutional investors.

- On March 30, 2023, the placement of "green" bonds of KEGOC took place on the trading platform of Kazakhstan Stock Exchange JSC (KASE) with a total volume of 16,000,000 thousand tenge with a floating rate equal to the TONIA rate plus a margin of 3% and a maturity date of up to 2037. The investors were the Development Bank of Kazakhstan JSC and the European Bank for Reconstruction and Development (EBRD).

During the period ended 31 March 2024, the Group capitalized the cost of coupon interest on bonds issued less investment income in the amount of 2,299,145 thousand tenge (31 March 2023: 1,595,057 thousand tenge) *(Note 23).*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other payables as at 31 March 2024 and 31 December 2023:

In thousands tenge	**31 March 2024**	31 December 2023
Accounts payable for electricity purchased	**5,681,355**	6,627,773
Accounts payable for property, plant and equipment and construction in progress	**4,748,995**	12,835,004
Accounts payable for inventories, works and services	**3,589,602**	2,707,427
Less: discount	**(192,747)**	(286,058)
	13,827,205	21,884,146
Less: current portion of trade payables repayable within 12 months	**13,827,205**	19,721,022
	–	2,163,124

As at 31 March 2024 and 31 December 2023 trade and other payables were denominated in the following currencies:

In thousands tenge	**31 March 2024**	31 December 2023
Tenge	**8,305,673**	15,281,107
Russian rouble	**5,521,050**	6,542,361
Euro	**482**	24,768
US Dollar	**–**	35,910
	13,827,205	21,884,146

Accounts payable for property, plant and equipment and construction in progress include debt to a related party, Karabatan Utility Solutions LLP, details of which are disclosed in *Note 26*.

18. TAXES PAYABLE OTHER THAN CORPORATE INCOME TAX

In thousands tenge	**31 March 2024**	31 December 2023
VAT payable	**4,182,883**	1,919,100
Liabilities to the pension fund	**411,503**	479,692
Individual income tax	**289,422**	425,774
Social tax	**241,835**	340,388
Social contribution payable	**220,793**	219,971
Property tax	**–**	19,920
Other	**20,692**	21,511
	5,367,128	3,426,356

19. OTHER CURRENT LIABILITIES

In thousands tenge	**31 March 2024**	31 December 2023
Due to employees	**5,084,833**	4,580,092
Other	**1,120,325**	1,136,022
	6,205,158	5,716,114

Due to employees are primarily wage arrears and accrued allowance for unused vacations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

In thousands tenge	**31 March 2024**	31 March 2023
Services for using the NPG	**40,194,162**	–
Electricity transmission	**17,610,919**	42,075,574
Income from the sale of balancing electricity	**11,738,210**	–
Technical dispatching services	**10,032,001**	8,977,195
Electricity generation and consumption balancing services	**3,466,613**	5,737,059
Sale of electricity for compensation of the interstate balances of electricity flows	**1,628,075**	3,127,604
Power regulation services	**194,977**	155,089
Other	**259,373**	531,128
	85,124,330	60,603,649

In MW/hour	**31 March 2024**	31 March 2023
Services for using the NPG	**20,503,107**	–
Electricity transmission	**5,161,244**	14,769,354
Income from the sale of balancing electricity	**684,170**	–
Technical dispatching services	**29,592,923**	28,589,792
Electricity generation and consumption balancing services	**57,777,668**	55,407,508
Sale of electricity for compensation of the interstate balances of electricity flows	**250,204**	573,190
Power regulation services (MW)	**256**	150

In thousands of tenge	**31 March 2024**	31 March 2023
Revenue recognition timeline		
The goods are transferred at a certain point in time	**1,628,075**	3,127,604
The services are provided over a period of time	**83,496,255**	57,476,045
Total revenue from contracts with customers	**85,124,330**	60,603,649

Discounts to customers are authorised by the Committee of the Republic of Kazakhstan for the Regulation of Natural Monopolies.

21. COST OF SERVICES

In thousands tenge	**31 March 2024**	31 March 2023
Technical losses of electric energy	**14,438,997**	7,893,423
Depreciation and amortisation	**12,397,474**	12,469,582
Costs for purchase of electricity to compensate for interstate electricity balance flows	**10,771,371**	8,837,992
Payroll expenses and other deductions associated with payroll	**7,962,662**	6,840,715
Costs for the purchase of balancing electricity at the BEM of the Republic of Kazakhstan	**2,410,216**	–
Taxes	**1,883,800**	1,920,167
For the purchase of services associated with maintaining readiness of electric capacity to bear the load	**1,481,439**	1,035,011
Operation and maintenance costs	**1,383,398**	1,220,576
Security expenses	**409,024**	375,055
Inventory	**315,295**	210,756
Other	**1,351,003**	1,109,312
	54,804,679	41,912,589

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands tenge	**31 March 2024**	31 March 2023
Payroll expenses and other deductions associated with payroll	**1,641,643**	1,333,848
Technical support costs	**275,206**	221,041
Depreciation and amortisation	**232,230**	245,668
Third-party services	**153,729**	155,265
Accrual / (reversal) of allowance for obsolete inventories	**133,639**	(10,786)
Insurance expenses	**42,638**	26,797
Taxes excluding corporate income tax	**36,563**	76,224
Utility service costs	**32,733**	18,675
Materials	**24,123**	12,833
Business trip expenses	**23,243**	22,221
Expenses for the Board of Directors	**22,192**	1,939
Consulting services	**548**	67,828
Other	**490,790**	290,141
	3,109,277	2,461,694

23. FINANCE INCOME/(COSTS)

In thousands tenge	**31 March 2024**	31 March 2023
Finance income		
Interest income on deposits, current accounts and quoted bonds	**1,678,944**	1,789,641
Income from a reverse REPO transactions	**1,202,150**	–
Income from notes of the National Bank of the Republic of Kazakhstan *(Note 11)*	**93,815**	144,239
Amortization of discount on long-term receivables from related parties *(Note 26)*	**14,018**	17,112
Amortization of discount on other financial assets	**2,353**	–
Income from revaluation of DSFK financial instruments *(Note 11)*	**543**	–
Other financial income	**–**	18,998
	2,991,823	1,969,990
Less: interest capitalized into the cost of qualified property, plant and equipment *(Note 6)*	**(138,222)**	(181,680)
	2,853,601	1,788,310
Finance costs		
Bond coupon	**5,696,276**	4,560,966
Interest on loans	**109,906**	171,901
Discount expenses	**125,164**	164,451
Amortization of premium on other financial assets	**6,234**	37,601
Bank guarantee commission	**22,112**	30,690
Loan administration fee amortization	**303**	6,492
Other expenses for bonds issued	**15,926**	18,781
	5,975,921	4,990,882
Less: interest capitalized into the cost of qualified property, plant and equipment *(Note 6)*	**(2,437,367)**	(1,776,737)
	3,538,554	3,214,145

The discount expenses are mainly represented by the amortization of the discount on long-term payables to related party Karabatan Utility Solutions LLP *(Note 26).*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. FOREIGN EXCHANGE GAIN, NET

Due to the change in Tenge's exchange rate for the period ended 31 March 2024, the Group recognized a net foreign exchange gain of 101,656 thousand tenge (for the period ended 31 March 2023: a net foreign exchange gain of 380,296 thousand tenge).

25. CORPORATE INCOME TAX EXPENSE

In thousands tenge	**31 March 2024**	31 March 2023
Current corporate income tax		
Corporate income tax expense	**6,572,907**	4,665,330
Adjustments in respect of current corporate income tax of previous year	**–**	–
Deferred tax		
Deferred tax relief	**(1,369,317)**	(1,428,411)
Total corporate income tax expense reported in interim consolidated statement of comprehensive income	**5,203,590**	3,236,919

The corporate income tax rate in the Republic of Kazakhstan is 20% in 2024 and 2023.

A reconciliation of the 20% corporate income tax rate and actual corporate income tax recorded in the consolidated statement of comprehensive income is provided below:

In thousands tenge	**31 March 2024**	31 December 2023
Profit before tax from continuing operations	**26,615,820**	16,709,354
Tax at statutory income tax rate of 20%	**5,323,164**	3,341,871
Adjustments in respect of current corporate income tax of previous year	**–**	–
Interest income from securities	**(37,517)**	(167,188)
Other (non-taxable income) / non-deductible expenses	**(82,057)**	62,236
Corporate income tax expenses recognized in profit and loss	**5,203,590**	3,236,919

Deferred tax assets and liabilities reflected in the interim consolidated statement of financial position are presented as follows:

In thousands tenge	**31 March 2024**	31 December 2023
Deferred tax assets	**–**	**–**
Deferred tax liabilities	**(118,273,352)**	(119,642,670)
Net deferred tax liabilities	**(118,273,352)**	(119,642,670)

The Group offsets tax assets and 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 corporate income taxes levied by the same tax authority.

As of 31 March 2024, the prepayment for corporate income tax amounted to 45,693 thousand tenge (as of 31 December 2023: 1,834,225 thousand tenge), corporate income tax debt amounted to 3,340,233 thousand tenge (none as of December 31, 2023).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. TRANSACTIONS WITH RELATED PARTIES

Related parties include key management personnel of the Group, enterprises in which a substantial interest in the participation interest is owned, directly or indirectly, by the Group's key management personnel, and other entities controlled by the Participant. The related party transactions were made on terms agreed between the parties that may not necessarily be at market rates, except for regulated services, which are provided based on tariffs available to related and third parties.

Related party transactions as at 31 March 2024 and 2024 are as follows:

In thousands tenge		Subsidiaries of Samruk-Kazyna Group	Associated of Samruk-Kazyna	Samruk-Kazyna joint ventures	Associated of the Group
Sales of services	**2024**	**12,937,223**	**3,938,288**	**623,073**	**55,186**
	2023	12,691,018	1,708,966	724,549	163,750
Purchase goods and services	**2024**	**538,561**	**469,416**	–	**–**
	2023	7,369,041	507,566	–	17,114
Depreciation of discount on long-term receivables	**2024**	**14,018**	**–**	**–**	**–**
	2023	17,112	–	–	–
Depreciation of discount on long-term payables	**2024**	**93,311**	**–**	**–**	**–**
	2023	132,948	–	–	–

Outstanding balances as at 31 March 2024 and 31 December 2023 from related party transactions are as follows:

In thousands tenge		Subsidiaries of Samruk-Kazyna Group	Associated of Samruk-Kazyna	Samruk-Kazyna joint ventures	Associated of the Group
Current trade accounts receivables for the sale of services	**2024**	**4,976,526**	**1,393,812**	**207,906**	**23,314**
	2023	4,344,858	917,520	227,020	50,976
Accounts receivable for sale of property, plant and equipment	**2024**	**527,655**	**–**	**–**	**–**
	2023	562,761	–	–	–
Accounts payables for property complex	**2024**	**2,166,191**	**–**	**–**	**–**
	2023	4,431,817	–	–	–
Current trade and other accounts payable for the services purchased	**2024**	**216,025**	**548,061**	**88,395**	**–**
	2023	277,960	169,819	2,008	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. TRANSACTIONS WITH RELATED PARTIES (continued)

Revenues and cost of sales, trade accounts receivable and payable

Sales of services to related parties are mainly represented by electricity transmission, services for technical dispatching and organization of balancing the production and consumption of electricity, services for maintaining the readiness of electric power. The purchase of services from related parties mainly represents communication services, energy services, electricity purchase, electric capacity readiness services, postal service and software support services.

Other receivables

On 30 September 2015 the Group has sold buildings and constructions with equipment and land located in Astana city to its related party, Kazpost JSC, for 2,161,476 thousand tenge. In accordance with sales agreement Kazpost JSC will repay the outstanding balance by equal monthly payments until June 2027. Accordingly, the Group has discounted future cash flows at a market discount rate of 10.37%. As of 31 March 2024, the unamortized discount on receivables from Kazpost JSC amounted to 94,576 thousand tenge (as on 31 December 2023: 108,594 thousand tenge). As of March 31, 2024, the amount of debt less discount amounted to 527,655 thousand tenge, where the amount of 347,536 thousand tenge was part of long-term receivables from related parties (as of December 31, 2023, the amount of debt less discount was 562,761 thousand tenge, the amount of long-term receivables from related parties is 382,638 thousand tenge). For the three months ended 31 March 2024, the Group recognized income from amortization of the discount in the amount of 14,018 thousand tenge (for the three months ended 31 March 2023: 17,112 thousand tenge) *(Note 23).*

As at 31 March 2024 the Group had accounts receivable for the sale of property, plant and equipment of Balkhash thermal power plant (TPP) JSC to a related party in the amount of 220,494 thousand tenge (as at 31 December 2023: 220,494 thousand tenge). In accordance with sale agreement, Balkhash TPP JSC had to pay the outstanding balance till the end of 2018, however, as at 31 March 2024 the amount hasn't been paid. In connection with the suspension of construction of Balkhash TPP, the management of the Group decided to accrue a 100% provision for the expected credit losses in 2018.

The total ECL for receivables from related parties as at 31 March 2024 was 562,447 thousand tenge (as at 31 December 2023: 421,790 thousand tenge).

Accounts payables for property complex and amortization of discount

In November-December 2020, the Group acquired a property complex from a related party − Karabatan Utility Solutions LLP in the amount of 11,794,689 thousand tenge. In accordance with the sale and purchase agreement, the Group is required to pay the interest-free debt in equal annual instalments until 25 March 2025. Accordingly, the Group has discounted future cash flows at a market interest rate of 10.25%. As of 31 March 2024, the unamortized discount on accounts payable of Karabatan Utility Solutions LLP amounted to 192,747 thousand tenge (as of 31 December 2023: 286,058 thousand tenge).

As of March 31, 2024, the amount of debt net of discount totaled 2,166,191 thousand tenge, all of which was included in the short-term trade payables from related parties. For the three months ended 31 March 2024, the Group recognized an expense from amortization of the discount on long-term accounts payable in the amount of 93,311 thousand tenge.

Other

The amount of the guarantee of the Government of the Republic of Kazakhstan under the IBRD loan as of 31 March 2024 amounted to 6,033,430 thousand tenge (as of 31 December 2023: 6,758,169 thousand tenge).

The remuneration of key management personnel and all other expenses related to it (taxes, deductions, sick leave, vacation pay, material assistance, etc.) included in salary expenses in the attached condensed interim consolidated statement of comprehensive income amounted to 89,451 thousand tenge for the period ended 31 March 2024 (for the three months ended 31 March 2023: 62,016 thousand tenge).

Compensation to key management personnel mainly consists of salary and performance bonus based on operating results.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. COMMITMENTS AND CONTINGENCIES

Operating environment

The Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstani economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including an opinion on the recognition of revenue, expenses and other items in the financial statements. The current regime of penalties and interest related to unreported and discovered violations of Kazakhstan law are severe. As a result, the amount of additional tax accruals, fines, and penalties may exceed the amount currently recorded as expenses but not accrued as of March 31, 2024.

Management believes that, as at 31 March 2024, the interpretation of applicable legislation is appropriate and the Group's tax position will be affirmed.

Compliance with loan covenants

As disclosed in *Note 16,* The Group has issued bonds and is required to comply with the following covenants, which are calculated on a semi-annual basis:

- Debt to EBITDA is not more than 3:1 (1.51 as of 31 December 2023);
- Debt to Equity is not more than 0.6:1 (0.24 as of 31 December 2023);
- self-financing ratio of at least 20% (59% as of December 31, 2023);
- debt service ratio of at least 1.2 (13.8 as of December 31, 2023);
- liquidity of at least 1:1 (3.1 as of December 31, 2023);
- Debt to EBITDA is not more than 4:1 (1.0 as of 31 December, 2023).

The Group's management believes that it has complied with all covenants stipulated by the terms of the bond issue.

Insurance

As at 31 March 2024, the Group insured operational assets for the amount of 521,802,639 thousand tenge. In the event of an insured event, the insurance payment is made within the insured amount. The Group did not provide insurance coverage for its other operation property. Since absence of any insurance does not imply a reduction of the cost of assets or origination of liabilities, no provision has been made in these consolidated financial statements for unexpected expenses associated with damage or loss of such assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONTINGENT LIABILITIES (continued)

Contractual commitments

In order to ensure the reliability of the national electricity grid through the reconstruction of 220-500 kV transmission lines, which have already reached and which will be achieved in the coming years, the standard service life and to increase the reliability of electricity supply to consumers in the Western zone of the UES of Kazakhstan, as well as to maintain production assets in working order, the Group has developed capital investment plan.

The five-year (2021-2026) investment programme of KEGOC JSC for a total amount of 274,760,648 thousand tenge in accordance with the legislation on natural monopolies of the Republic of Kazakhstan was approved by a joint order of the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan No.21-OD dated March 11, 2021 and the Ministry of Energy of the Republic of Kazakhstan No.122 dated April 7, 2021 and is subject to 100% execution. However, KEGOC JSC may make changes to it and adjust the cost and timing of individual events. The five-year investment programme of KEGOC JSC was adjusted by a joint order of the Ministry of Energy of the Republic of Kazakhstan No.431 dated November 30, 2023 and the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan No.157-OD dated December 15, 2023 .

As at 31 March 2024, the amount of capital commitments under contracts entered into by the Group under the investment plan amounted to 65,989,885 thousand tenge (31 December 2023: 95,751,033 thousand tenge).

Regulation and Litigation

Tariffs for the transmission of electrical energy, use of the national power grid, technical dispatching of grid output and consumption of electrical energy and organization of balancing the production and consumption of electric energy

Order No.79-OD of the Committee for the Regulation of Natural monopolies (CRNM) of the Ministry of National Economy of the Republic of Kazakhstan dated 16 August 2021, approved the following tariffs:

1) electricity transmission tariffs:
   - 2.797 tenge/kWh (excluding VAT) from 1 October 2021 to 30 September 2022;
   - 2.848 tenge/kWh (excluding VAT) from 1 October 2022 to 30 September 2023;
2) technical dispatching of the electricity supply and consumption in the grid:
   - 0.306 tenge/kWh (excluding VAT) from 1 October 2021 to 30 September 2022;
   - 0.314 tenge/kWh (excluding VAT) from 1 October 2022 to 30 September 2023;
3) electricity production and consumption balancing:
   - 0.098 tenge/kWh (excluding VAT) from 1 October 2021 to 30 September 2022;
   - 0.102 tenge/kWh (excluding VAT)from 1 October 2022 to 30 September 2023;

By order of the CRNM of the Republic of Kazakhstan dated April 22, 2022 No.67-OD , temporary compensating tariffs for regulated services of KEGOC JSC were approved effective June 1, 2022 to May 31, 2023.

KEGOC JSC did not agree with the decision of the CRNM since, in accordance with the Law of the Republic of Kazakhstan on Natural Monopolies, the savings accumulated in terms of cost items of the tariff estimate in 2017 and 2018 were used for implementation of the Investment Programme. Thus, KEGOC did not inflict losses on its consumers and did not receive unreasonable income. In this connection, this Order No.67-OD dated 22 April 2022 is being challenged by KEGOC JSC in court.

This Order has been suspended for the duration of the trial.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. CONTINGENT LIABILITIES (continued)

Regulation and Litigation (continued)

For the duration of the trial, Orders No.79-OD dated August 16, 2021 on approval of tariffs, the tariff estimates for regulated services of KEGOC JSC for 2021-2026, and No.133-OD dated September 22, 2023 are in effect.

Order No.133-OD of CRNM dated September 22, 2023 approved changes in tariffs and tariff estimates for regulated services of KEGOC JSC for the transmission of electrical energy through the national power grid, for the use of the national electrical grid, for technical dispatch of supply and consumption of electricity in the grid, for management of production and consumption effective on July 1, 2023 onwards:

1) for the transmission of electrical energy in the national power grid in the amount of:
   - 2.935 tenge/kWh (excluding VAT) from 1 July 2023 to 30 September 2023;
   - 3.381 tenge/kWh (excluding VAT) from 1 October 2023 to 30 September 2024;
   - 3.492 tenge/kWh (excluding VAT) from 1 October 2024 to 30 September 2025;
   - 3.564 tenge/kWh (excluding VAT) from 1 October 2025 to 30 September 2026.
2) for use of the national power grid in the amount of:
   - 1.651 tenge/kWh (excluding VAT) from 1 July 2023 to 30 September 2023;
   - 1.943 tenge/kWh (excluding VAT) from 1 October 2023 to 30 September 2024;
   - 2.002 tenge/kWh (excluding VAT) from 1 October 2024 to 30 September 2025;
   - 2.056 tenge/kWh (excluding VAT) from 1 October 2025 to 30 September 2026.
3) for the technical dispatching of electricity supply and consumption in the grid in the amount of:
   - 0.320 tenge/kWh (excluding VAT) from 1 July 2023 to 30 September 2023;
   - 0.339 tenge/kWh (excluding VAT) from 1 October 2023 to 30 September 2024;
   - 0.351 tenge/kWh (excluding VAT) from 1 October 2024 to 30 September 2025;
   - 0.356 tenge/kWh (excluding VAT) from 1 October 2025 to 30 September 2026.
4) electricity production and consumption balancing in the amount of:
   - 0.057 tenge/kWh (excluding VAT) from 1 July 2023 to 30 September 2023;
   - 0.060 tenge/kWh (excluding VAT) from 1 October 2023 to 30 September 2024;
   - 0.064 tenge/kWh (excluding VAT) from 1 October 2024 to 30 September 2025;
   - 0.066 tenge/kWh (excluding VAT) from 1 October 2025 to 30 September 2026.

Order No.25-OD of CRNM dated February 9, 2024 approved changes in tariffs and tariff estimates for regulated services of KEGOC JSC for the transmission of electrical energy through the national power grid and for the use of the national electrical grid on March 1, 2024 onwards:

1) 3.474 tenge/kWh (excluding VAT) for the transmission of electrical energy in the national power grid for the period from March 1, 2024 to September 30, 2024;
2) 1.996 tenge/kWh (excluding VAT) for the use of the national power grid for the period from March 1, 2024 to September 30, 2024.

28. SUBSEQUENT EVENTS

There is no information on events after the reporting date.