Kazakhstan Electricity Grid Operating Company JSC "KEGOC"

Interim consolidated financial statements

For the six months ended 30 June 2024

with independent Auditor's report

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Board of Directors and Management of Kazakhstan Electricity Grid Operating Company JSC "KEGOC"

Opinion

We have audited the interim consolidated financial statements of Kazakhstan Electricity Grid Operating Company JSC and its subsidiary (hereinafter the "Group"), which comprise the interim consolidated statement of financial position as at June 30, 2024, and the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six months then ended, and notes to the interim consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the interim consolidated financial position of the Group as at June 30, 2024, and its interim consolidated financial performance and its interim consolidated cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the interim consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim consolidated financial statements of the current period. These matters were addressed in the context of our audit of the interim consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the interim consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the interim consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying interim consolidated financial statements.

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Key audit matter	How our audit addressed the key audit matter
Valuation of property, plant and equipment	
As of 30 June 2024, the carrying value of assets of the National Electricity Grid ("NES") amounted to 717.873.918 thousand tenge (31 December 2023: 718.550.166 thousand tenge). The NES assets are accounted for at fair value in accordance with the Group's accounting policy. At each reporting date, the Group analyzes to what extent the fair value of the NES assets differs significantly from their carrying value. In order to assess the possible fluctuations in the fair values Management of the Group determines the replacement cost of assets most exposed to the risk of changes in fair value. Due to the significance of the carrying amount of the NES assets, as well as significant use of professional judgement and estimates by Management when analyzing changes in the fair value of the NES assets, this issue was one of the key audit matters. Information on the NES assets and analysis of changes in fair value of the NES assets is presented in *Notes 4* and *6* to the interim consolidated financial statements.	We obtained from management of the Group an analysis of how the carrying amount of NES assets as at 30 June 2024 differs materially from their fair value. We reviewed the analysis of the Group and the approach taken. Thus, we reviewed the composition of the main expenses that form the value of NES assets and analyzed how much the fair value of the main type of cost underlying the value of NES assets, has changed compared to its value at the date of the previous assessment, which took place on December 1, 2022. We analyzed other inputs used by the Group to carry out its analysis, such as tariffs and electricity volume forecast. We compared how much the discount rate and long-term growth rate as of June 30, 2024 had changed with those at the previous valuation date. We analyzed information, disclosed in *Notes 4* and *6* to the interim consolidated financial statements.
Compliance with covenants under credit facility agreements	
In accordance with terms bond programs, the Group is required to comply with certain financial and not financial covenants. Breaching of these covenants may lead to the request of early repayment of loans and bonds and funding shortages. Compliance with covenants was one of the matters of most significance in the audit, because it has major impact on the going concern assumption used in preparation of the interim consolidated financial statements, and on classification of loans and bonds in the interim consolidated statement of financial position. Information on compliance with covenants is disclosed in *Note 28* to the interim consolidated financial statements.	We examined the terms of credit facilities and reviewed financial and non-financial covenants. We compared data used in the calculations with the data presented in the interim consolidated financial statements. We reviewed mathematical accuracy of calculations of the financial ratios. We analyzed the management evaluation of the risk that breach of any covenants is likely within the next 12 months and the potential impact of breach on the going concern basis. We analyzed information received from creditors in relation to compliance with covenants as of 30 June 2024. We also analyzed information disclosed in the interim consolidated financial statements.

Impact of changes in legislation on the Group's revenue

On July 1, 2023, amendments to the Law "On Electric Power Industry" (hereinafter referred to as the Law) came into force, regulating the mechanism of operation of the wholesale electricity market (WEM) with the introduction of a single purchaser of electricity and a real-time balancing market for electricity (BME).

In the WEM, all electrical energy generated by energy-producing organizations is sold to a single purchaser of electrical energy, with the exception of the purchase and sale of electrical energy between consumers and energy-producing organizations of industrial complexes and organizations belonging to the same group of persons (the register of groups of persons is formed by the Ministry of Energy of the Republic of Kazakhstan).

In turn, BME ensures the settlement of imbalances in the Unified Electric Power System of Kazakhstan (UEPS), allowing for targeted distribution of imbalances among market entities that have committed deviations.

In order to ensure the functioning of the new market model, in accordance with the Law "On Electric Power Industry", on the basis of relevant agreements, from July 1, 2023, KEGOC JSC provides market entities with a new service for using the national electric grid. At the same time, the electricity transmission service for the transmission of electrical energy through the national electric network has been preserved and is provided to organizations that are part of a group of persons (when transmitting electricity through the NES from a power plant to a consumer that is part of the same group of persons. i.e., it is possible to determine the transmission route and targeting), during interstate transit of electricity (providing services to organizations of other states), during export/import and to consumers who have entered into bilateral agreements with renewable energy sources.

The BME carries out the purchase and sale of balancing electricity and negative imbalances. Purchase and sale between KEGOC JSC and the Settlement Center for the Balancing Electric Energy Market (KOREM JSC) is carried out in accordance with Sales and Purchase Agreements and Interconnection Agreements with all BME entities.

We familiarized ourselves with the changes to the Law. We studied the impact of changes in the Law on the process of generating and recognizing revenue at KEGOC JSC.

We checked the recognition of revenue from various types of services provided to market entities, including revenue from the use of the NES and revenue from the transmission of electrical energy via the NES.

We also checked the recognition of revenue from the sale of balancing electricity and the cost of purchase of negative imbalances of KOREM JSC.

We checked the registers of mutual offsets of monetary obligations, on the basis of which KOREM JSC transfers the right to claim remuneration to the entities specified in the register to KEGOC JSC.

We checked the repayment of receivables from BME entities on outstanding invoices.

We verified the accuracy of the estimated expected credit losses on trade receivables.

Responsibilities of Management and those charged with governance for the interim consolidated financial statements

Management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the interim consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's interim consolidated financial reporting process.

Auditor's responsibilities for the audit of the interim consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the interim consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated financial statements, including the disclosures, and whether the interim consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the interim consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the interim consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Aisulu Narbayeva.

RSM Qazaqstan LLP

Aisulu Narbayeva
Auditor / General Director
RSM Qazaqstan LLP

Auditor qualification certificate № 0000137
dated 21 October 1994

State audit license for audit activities
on the territory of the Republic of Kazakhstan
№24017613 issued by the Ministry of finance of
the Republic of Kazakhstan on 30 April 2024

Office 60, 210 "B" Dostyk Avenue
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2 August 2024

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

In thousands of tenge	Notes	30 June 2024	31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	6	**859.175.107**	870.122.684
Intangible assets		**3.051.467**	3.163.452
Advances paid for non-current assets	6	**3.057.268**	2.823.470
Investment in associate	7	**3.176.258**	2.942.759
Long-term receivables from related parties	26	**311.557**	382.638
Other financial assets, non-current portion	11	**915.177**	1.979.457
		869.686.834	881.414.460
Current assets			
Inventories	8	**4.820.834**	3.289.266
Trade account receivable	9	**31.248.817**	34.314.906
Prepaid corporate income tax		**64.847**	1.834.225
VAT recoverable and other prepaid taxes		**135.510**	234.527
Other financial assets, current portion	11	**29.012.652**	30.589.367
Restricted cash	12	**2.027.907**	1.846.056
Cash and cash equivalents	13	**61.837.290**	45.528.523
Other current assets	10	**4.091.196**	2.733.677
		133.239.053	120.370.547
Total assets		**1.002.925.887**	1.001.785.007

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of tenge	Notes	30 June 2024	31 December 2023
Equity and liabilities			
Equity			
Share capital	14	**148.922.757**	148.922.757
Treasury shares	14	**(930)**	(930)
Asset revaluation reserve	14	**488.300.371**	488.537.852
Retained earnings		**61.776.614**	48.259.455
		698.998.812	685.719.134
Non-current liabilities			
Borrowings, non-current portion	15	**5.246.319**	5.588.895
Bonds payable, non-current portion	16	**149.585.625**	149.521.918
Deferred tax liability	25	**117.611.584**	119.642.670
Long-term payables	17	**–**	2.163.124
Deferred income, non-current portion		**596.274**	622.896
		273.039.802	277.539.503
Current liabilities			
Borrowings, current portion	15	**1.180.672**	1.146.917
Bonds payable, current portion	16	**4.540.812**	7.277.659
Trade and other accounts payable	17	**8.920.288**	19.721.022
Contract liablities		**1.891.942**	1.185.059
Deferred income, current portion		**53.243**	53.243
Taxes payable other than corporate income tax	18	**4.968.788**	3.426.356
Corporate income tax payable		**3.758.849**	–
Other current liabilities	19	**5.572.679**	5.716.114
		30.887.273	38.526.370
Total liabilities		**303.927.075**	316.065.873
Total equity and liabilities		**1.002.925.887**	1.001.785.007
Book value per ordinary share (in tenge)	14	**2.528**	2.479

The accounting policies and explanatory notes on pages 7 to 55 are an integral part of these interim consolidated financial statements.

Chairman of the Management Board
Aitzhanov N.E.

Chief Accountant
Mukanova D.T.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

In thousands of tenge	Notes	For the three months period, ended 30 June **2024**	2023	For the six months period, ended 30 June **2024**	2023
Revenue from contracts with customers	20	**73.249.761**	53.746.479	**158.374.091**	114.350.128
Cost of sales	21	**(51.513.991)**	(37.390.806)	**(106.318.670)**	(79.303.395)
Gross profit		**21.735.770**	16.355.673	**52.055.421**	35.046.733
General and administrative expenses	22	**(3.022.823)**	(2.213.825)	**(6.132.100)**	(4.675.519)
Selling expenses		**(123.124)**	(106.837)	**(272.049)**	(217.523)
Impairment/recovery of property, plant and equipment	6	**(1.829)**	114	**(8.468)**	155
Operating profit		**18.587.994**	14.035.125	**45.642.804**	30.153.846
Finance Income	23	**3.149.764**	1.964.006	**6.003.365**	3.752.316
Finance costs	23	**(3.169.243)**	(3.677.852)	**(6.707.797)**	(6.891.997)
Foreign exchange gain, net	24	**163.731**	108.808	**265.387**	489.104
Share of profit / (loss) of an associate	7	**131.261**	(9.922)	**233.499**	(75.725)
Other income		**138.250**	307.766	**610.876**	2.215.106
Other expenses		**(1.151.612)**	(43.814)	**(1.290.683)**	(195.473)
Accrual of provision for expected credit losses	9, 10, 11, 12, 13	**(353.575)**	(856.260)	**(645.061)**	(909.966)
Profit before tax		**17.496.570**	11.827.857	**44.112.390**	28.537.211
Corporate income tax expense	25	**(3.743.350)**	(2.282.934)	**(8.946.940)**	(5.519.853)
Profit for the reporting period		**13.753.220**	9.544.923	**35.165.450**	23.017.358
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the reporting period		**13.753.220**	9.544.923	**35.165.450**	23.017.358
Earnings per share					
Basic and diluted profit for the reporting period attributable to ordinary equity holders of the parent (in tenge)	14	**49,96**	36,71	**127,74**	88,53

The accounting policies and explanatory notes on pages 7 to 55 are an integral part of these interim consolidated financial statements.

Chairman of the Management Board
Aitzhanov N.E.

Chief Accountant
Mukanova D.T.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

In thousands of tenge	Notes	For the six months ended 30 June 2024	30 June 2023
Operating activities			
Profit before tax		**44.112.390**	28.537.211
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization		**25.271.829**	25.473.092
Financial expenses	23	**6.707.797**	6.891.997
Financial income	23	**(6.003.365)**	(3.752.316)
Foreign exchange gain, net		**(265.387)**	(489.104)
Accrual of provision for expected credit losses		**645.061**	909.966
Change in the reserve for obsolete inventory	22	**258.752**	(3.482)
Loss from disposal of property, plant and equipment and intangible assets		**101.628**	3.203
Impairment / (restoration of value) of property, plant and equipment		**8.468**	(155)
Share in the (profit)/loss of the associated company	7	**(233.499)**	75.725
Income from government grants		**(26.622)**	(26.621)
Working capital adjustments			
Change in inventories		**(1.789.826)**	(1.536.230)
Change in trade accounts receivable		**2.527.944**	(2.845.617)
Change in VAT recoverable and other prepaid taxes		**99.017**	569.466
Change in other current assets		**(1.357.303)**	(674.884)
Change in trade and other accounts payable		**(4.663.545)**	(2.484.371)
Change in contract liabilities		**706.883**	(493.840)
Change in taxes payable other than corporate income tax		**1.503.071**	1.467.709
Change in other current liabilities		**(227.203)**	(608.945)
Change in other non-current liabilities		**–**	(13.522)
		67.376.090	50.999.282
Interest and commissions paid on loans	27	**(219.564)**	(414.283)
Coupon interest paid	27	**(13.756.263)**	(9.002.500)
Commissions paid on bank guarantees		**(58.253)**	(62.620)
Corporate income tax paid		**(5.355.532)**	(7.368.348)
Interest received		**4.972.534**	4.018.258
Net cash flows received from operating activities		**52.959.012**	38.169.789

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In thousands of tenge	Notes	For the six months ended 30 June 2024	30 June 2023
Investing activities			
Withdraw of bank deposits		**10.392.460**	7.253.277
Replenishment of bank deposits		**(5.067.586)**	(59.207)
Change in restricted cash	12	**(90.236)**	(867.526)
Gain from sale of property, plant and equipment and intangible assets		**98.290**	98.249
Purchase of property, plant and equipment		**(17.865.864)**	(25.794.585)
Purchase of intangible assets		**(292.401)**	(157.307)
Acquisition of debt securities (Bonds of «Samruk Kazyna» JSC)	11	**(25.000.000)**	(46.854.824)
Redemption of debt securities (notes of the National Bank of the RK)	11	**23.266.765**	47.555.591
Repurchase of DSFK bonds by the issuer	11	**412.796**	24.108
Partial return of funds from Eximbank Kazakhstan	11	**23.552**	23.876
Net cash flows used in investing activities		**(14.122.224)**	(18.778.348)
Financial activities			
Issue of bonds	27	**–**	16.867.599
Dividends paid	14	**(21.885.772)**	(30.167.639)
Repayment of loans	27	**(514.394)**	(4.835.136)
Net cash flows used in financing activities		**(22.400.166)**	(18.135.176)
Net change in cash and cash equivalents		**16.436.622**	1.256.265
Effect of exchange rate changes on cash and cash equivalents		**(75.381)**	(74.405)
Effect of accrual of provision on expected credit losses on cash and cash equivalents	13	**(52.474)**	156.125
Cash and cash equivalent, as at 1 January		**45.528.523**	27.563.092
Cash and cash equivalents as at 30 June	13	**61.837.290**	28.901.077

Non-cash operations:

During the six months of 2024, the Group capitalized the cost of coupon interest on bonds in the cost of property, plant and equipment in the amount of 4.559.04 thousand tenge (*Note 6*).

The accounting policies and explanatory notes on pages 7 to 55 are an integral part of these interim consolidated financial statements.

Chairman of the Management Board
Aitzhanov N.E.

Chief Accountant
Mukanova D.T.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

In thousands of tenge	Share capital	Treasury shares	Asset revaluation reserve	Retained earnings	Total
As at 1 January 2023	126.799.554	(930)	489.297.133	37.469.407	653.565.164
Profit for the period	–	–	–	23.017.358	23.017.358
Total comprehensive income	–	–	–	23.017.358	23.017.358
Transfer of asset revaluation reserve *(Note 14)*	–	–	(67.596)	67.596	–
Dividends *(Note 14)*	–	–	–	(13.153.330)	(13.153.330)
As at 30 June 2023	126.799.554	(930)	489.229.537	47.401.031	663.429.192
As at 1 January 2024	**148.922.757**	**(930)**	**488.537.852**	**48.259.455**	**685.719.134**
Profit for the period	**–**	**–**	**–**	**35.165.450**	**35.165.450**
Total comprehensive income	**–**	**–**	**–**	**35.165.450**	**35.165.450**
Transfer of asset revaluation reserve *(Note 14)*	**–**	**–**	**(237.481)**	**237.481**	**–**
Dividents*(Note 14)*	**–**	**–**	**–**	**(21.885.772)**	**(21.885.772)**
As at 30 June 2024	**148.922.757**	**(930)**	**488.300.371**	**61.776.614**	**698.998.812**

The accounting policies and explanatory notes on pages 7 to 55 are an integral part of these interim consolidated financial statements.

Chairman of the Management Board
Aitzhanov N.E.

Chief Accountant
Mukanova D.T.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 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 №1188 dated 28 September 1996 by transferring of some assets of the former National Energy System "Kazakhstanenergo".

As at 30 June 2024 the Company's major shareholder was Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter "Samruk-Kazyna") (percentage of ownership 85%). Samruk-Kazyna is controlled by the Government of the Republic of Kazakhstan. The remaining 15% shares were placed in 2014 and 2023 on the organized securities markets Kazakhstan Stock Exchange JSC (hereinafter - KASE) and Astana International Exchange - AIX (AIFC Exchange) (hereinafter - AIX).

KEGOC is a national Company that provides electricity transmission, dispatch and electricity production-consumption balancing services 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 unified power system (the "NES"), ensures its technical support and maintenance. The NES consists of substations, distribution devices, interregional and international power transmission lines which provide the output of electricity to electrical stations with the voltage of 220 kW and more.

On April 19, 2023, the Head of State signed the Law "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan 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 through the introduction of the institution of a Single Purchaser of Electricity (hereinafter referred to as the Single Purchaser) and switching the balancing market of electricity from simulation to real time (hereinafter referred to as BME).

For reference: 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 planned volumes of electrical energy.

With this wholesale market model, the Single Purchaser, every hour, makes a centralized purchase of the declared planned volumes of electrical energy from energy producing organizations (hereinafter referred to as EPO), with the exception of renewable energy sources (hereinafter referred to as RES), which have bilateral agreements, within their maximum tariffs, sells electricity energy at an average price for all consumers and in the event of a shortage of electrical energy in the unified electric power system of the Republic of Kazakhstan (hereinafter referred to as the UEPS 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 the *"targeting"* of the distribution of electrical energy (*from the station to the consumer*), the system operator is introducing a new service - for the use of the NES, which provides maintenance and operational support of the NES, provided to all market participants, with the exception of conditional consumer, based on the concluded agreement.

For reference: a conditional consumer is a wholesale consumer who purchases electrical energy from EPO, members of the same group of persons, 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".

If imbalances occur due to deviations of participants in the wholesale electricity market from the stated planned volume of production - consumption of electricity, the participant in the wholesale market switches to BME.

1. GENERAL INFORMATION (continued)

BME provides for financial responsibility of participants by targeting the distribution of payment for any imbalances at prices prevailing on BME, 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 BME entities, independently or through a market provider, enter into agreements with the BME Settlement Center for financial settlement of imbalances.

For reference: the BME settlement center is an organization determined by the authorized body that carries out the centralized purchase and sale of balancing electricity and negative imbalances on the BME.

Physical regulation of the volumes of production and consumption, import and export of electrical energy both on the wholesale electrical energy market and on the BME 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 subjects of the wholesale electrical energy market formed by the System Operator in accordance with by-laws.

As at 30 June 2024 and 31 December 2023 the Company owned the following subsidiary:

		Percentage of ownership	
Company	**Activities**	**30 June 2024**	31 December 2023
Energoinform JSC	Maintenance of the KEGOC's IT system	**100%**	100%

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

The head office of the Company is registered at the address: Republic of Kazakhstan, Z00T2D0, Astana, Tauelsizdik Ave., building 59.

These interim consolidated financial statements of the Group were authorized by the Chairman of the Management Board and Chief Accountant of the Company on 2 August, 2024.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION

The interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter – "IFRS") as issued by the International Accounting Standards Board (hereinafter – "IASB").

These interim consolidated financial statements have been prepared on a historical cost basis, except for certain classes of property, plant and equipment, which are stated at revalued amounts and financial assets measured at fair value as described in the accounting policies and notes to these interim consolidated financial statements. The interim 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 the interim consolidated financial statements on the basis that it will continue to operate as a going concern.

Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 June 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 following term apply:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement 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 reassesses 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 interim 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 over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the Group's annual interim consolidated financial statements for the period ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet become effective.

Amendments to IAS 7 and IFRS 7 – Supplier Financing 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 financing 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 an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim consolidated financial statements.

Amendments to IFRS 16 – Lease Liabilities in Sale and Leasebacks

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim consolidated financial statements

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

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

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that the entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Current versus non-current classification

The Group presents assets and liabilities in the interim consolidated financial statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily 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 assets and liabilities.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement

The Group measures financial instruments, such as financial assets measured at fair value at each reporting date, and non-financial assets (NES assets) at fair value when fair value differs materially from their carrying value. The Group measures financial instruments such as financial assets measured at fair value at each reporting date and non-financial assets (NES assets) at fair value when their fair value differs significantly from their carrying 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 the Group. The fair value of an asset or a liability is measured using the assumptions that would be used by the market participants 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 NES assets and unquoted trading financial assets, and for non-recurring measurement, if any.

External valuers are involved for valuation of NES assets. Involvement of external valuers is decided upon annually by the finance management. Selection criteria include market knowledge, 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (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 values, 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.

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 interim consolidated financial statements are presented in Tenge ("KZT"), which is also the functional currency of the Group companies. 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 retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are recognized in interim 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 year (to KZT)	**30 June 2024**	31 December 2023
1 USD	**471,46**	454,56
1 EUR	**504,79**	502,24
1 RUB	**5,53**	5,06

Average exchange rate for the year (to KZT)	**For the six months 2023**	For the six months 2022
1 USD	**447,70**	448,82
1 EUR	**482,10**	488,37
1 RUB	**4,95**	5,54

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment

Property, plant and equipment, except for NES 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.

NES assets are measured at fair value less accumulated depreciation and impairment losses recognized after 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 interim 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
NES assets	
Structures, machinery and equipment of NES	8-100 years
Transport and other property, plant and equipment	
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 interim 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets of the Group, excluding capitalized development costs, are not capitalized 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 2 to 20 years.

Non-current assets held for sale and discontinued operations

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. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. 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. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on 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 recognized in the interim consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for NES 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. For assets previously impaired, an assessment is made at each reporting date to determine whether there is an indication that previously recognized 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 recognized 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 recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount. In these cases, the reversal is treated as a revaluation surplus. 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in an associate

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 is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The interim consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognized its share of any changes, when applicable, in the interim consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the 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 interim 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (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 amortized 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 account 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 account 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 section *Revenue recognition.*

In order for a financial asset to be classified and measured at amortized 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 amortized 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 financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (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's financial assets at amortized cost includes trade account receivables, and other financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the interim consolidated statement of financial position at fair value with net changes in fair value recognized in the interim consolidated statement of profit or loss. This category includes instruments which the Group has classified at fair value through profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's interim 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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes 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 losses

The Group recognizes an allowance for expected credit losses on financial assets measured at amortized cost equal to the lifetime expected credit loss if the credit loss has increased significantly since initial recognition.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Recognition of expected credit losses (continued)

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities 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.

Financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings, bonds issued, and lease liabilities.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the interim consolidated statement of comprehensive income.

<u>Trade and other payables</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 derecognized 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 recognized in the interim consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the interim consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize 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 realizable 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 interim consolidated statement of financial position comprise cash at banks, cash in reverse REPO transactions and on hand and short-term deposits with a maturity till 3 (three) months or less.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (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 interim 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.

Provisions

Provisions are recognized 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 recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the interim consolidated statement of comprehensive income, net of any reimbursement.

Revenue recognition

Revenue is recognized 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 its revenue from rendering of transmission services of electricity from power generators to wholesale and major customers, technical dispatching of the input of electricity into the energy system and consumption of electricity, organization of balancing of electricity producing and consumption and ensuring a contractual power supply with energy systems of neighboring countries and other.

Tariffs for services of electricity transmission, technical dispatch, organization of balancing of production/consumption of electricity are approved by the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter referred to as the "Committee").

Revenues from providing a contractual power supply with energy systems of neighboring countries are recognized 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.*

Incomes from the sale of electricity is recognized at a certain point in time, when a control of an asset is transferred to the customer.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Trade account receivables

A receivable is recognized 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 liabilities

A contract liability is recognized 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 recognized 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 amortized 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 interim 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 capitalized 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 lease and lease of low-value assets

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (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. Since 1 January 2024, the Group has been paying mandatory employer pension contributions in the amount of 1,5% of the monthly income of employees, but not more than 63.750 tenge per month. Pension fund payments are withheld from employee salaries and mandatory employer pension contributions are paid from the Group's own funds. The above payments are included in total payroll expenses together with other payroll-related charges in the interim consolidated statement of comprehensive income when incurred.

The Group has no other pension payment 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 recognized directly in equity is recognized in equity and not in the interim 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 recognized 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognized 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 utilized, 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 recognized 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 utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Deferred tax (continued)

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized 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 realized 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 recognized 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 recognized 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 interim consolidated financial statements are authorized for issue.

Contingent liabilities and contingent assets

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim consolidated financial statements requires management to exercise judgment and determine period-end estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities and assets. However, uncertainty about these assumptions and estimates may result in results that may require a material adjustment in the future to the carrying amount of the asset or liability for which such assumptions and estimates are made.

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 interim 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Fair value of property, plant and equipment

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

The revalued NES assets represent one class of assets according to IFRS 13, based on the nature, characteristics and risk of the property. Input data for determining the fair value of NES assets refer to Level 3 in the fair value hierarchy (unobservable inputs).

Fair value of NES 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 property, plant and equipment 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 apprised current replacement cost was subsequently compared to the recoverable amount determined based on a discounted cash flow model. The cash flows in the model are taken from the Group's approved budget for the next 5 (five) years. When forecasting the Group's income, the tariffs approved by the Committee for regulated services for the transmission of electricity, technical dispatching and organization of balancing the production and consumption of electricity for the period from 1 October 2021 to 30 September 2026 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 NES assets as of the valuation date (1 December 2022) amounted to 774.045.986 thousand tenge. The decrease in the revalued value of NES assets in the amount of 100.105.029 thousand tenge was recognized in other comprehensive income for 2022, taking into account the related deferred tax benefit in the amount of 20.021.005 thousand tenge. An increase in the value of certain previously impaired assets was recognized in the statement of comprehensive income in the amount of 949.895 thousands tenge, together with a decrease in the 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 the Group’s property, plant and equipment for 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 life of property, plant and equipment at least at the end of each financial year and, if expectations differ from previous estimates, the changes are accounted for as changes in estimates in accordance with IAS 8 *Accounting Policies, Changes in Estimates and mistakes*.

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 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 income and benefit 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 taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

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

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the interim consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flows 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 interim consolidated financial statements.

Bonds DSFK

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. DSFK bonds were carried at fair value through profit or loss.

During 2023, the Group repeatedly contacted Kazakhmys Corporation LLP to make payment under the guarantee. In connection with the failure to fulfill 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 favor of KEGOC JSC the amount of debt under the guarantee in the amount of 411.883 thousand tenge.

The Group's management believes that as of June 30, 2024, the fair value of the DSFK bonds is equal to zero since there is no possibility of their reliable assessment. The remaining amount of the bonds will be restored as funds are received from DSFK Special Financial Company LLP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Estimated allowance for expected credit losses on receivables

The Group uses the estimated reserves matrix to calculate the ECL for receivables. Valuation reserve rates are set depending on the number of days of delay in payment for groups of different customer segments with similar loss characteristics (i.e., by geographic region, product type, type and rating of customers, collateral by letters of credit and other forms of credit risk insurance).

Initially, observable data on the occurrence of defaults in past periods underlies in the basis of the estimated reserves matrix. The Group will update the matrix to adjust past experience with credit losses, considering forward-looking information. At each reporting date, the observed default level data in previous periods are updated and changes in forecast estimates are analyzed.

The assessment of relationship between historical observed default levels, forecasted economic conditions, and ECL is a significant estimate. The value of the ECL is sensitive to changes in circumstances and projected economic conditions. Past experience of occurrence of credit losses and the forecast of economic conditions may also not be indicative of actual default of the buyer 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 the six months ended	
In thousands of tenge	**30 June, 2024**	30June, 2023
Revenue from Kazakhstan customers	**141.779.997**	99.707.153
Revenue from Russian customers	**15.380.599**	13.994.896
Revenue from Kyrgyz customers	**969.802**	425.789
Revenue from Uzbekistan customers	**243.693**	222.290
Total revenue per interim consolidated statement of comprehensive income	**158.374.091**	114.350.128

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

For the 6 months ended 30 June 2024 the revenue from one customer, Samruk-Energo Group, including its joint-ventures, amounted to 16.108.178 thousand tenge and includes revenue from electricity transmission and the provision of related support (for the year ended 30 June 2023: 12.299.747 thousand tenge).

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

In thousands of tenge	**Land**	**Building**	**NES assets**	**Vehicles and other property, plant and equipment**	**Construc-tion in progress**	**Total**
Initial cost						
As at 1 January 2023	1.973.225	20.480.769	1.571.605.523	51.529.119	87.155.146	1.732.743.782
Additions	–	48.760	6.565	1.862.928	17.264.248	19.182.501
Transfers	–	104.313	8.967.599	599.684	(9.671.596)	–
Transfers to intangible assets	–	–	–	–	(3.349)	(3.349)
Disposals	–	(4.046)	(397.070)	(254.802)	(574)	(656.492)
As at 30 June 2023	1.973.225	20.629.796	1.580.182.617	53.736.929	94.743.875	1.751.266.442
As at 1 January 2024	**1.972.854**	**20.888.120**	**1.601.639.441**	**55.630.025**	**112.144.454**	**1.792.274.894**
Additions	**19.217**	**16**	**–**	**1.338.669**	**12.746.446**	**14.104.348**
Transfers	**–**	**(4.388)**	**22.317.576**	**679.238**	**(22.992.426)**	**–**
Transfers to inventory	**–**	**–**	**–**	**–**	**(494)**	**(494)**
Disposals	**–**	**(2.204)**	**(777.476)**	**(346.051)**	**–**	**(1.125.731)**
As at 30 June 2024	**1.992.071**	**20.881.544**	**1.623.179.541**	**57.301.881**	**101.897.980**	**1.805.253.017**
Accumulated depreciation and impairment						
As at 1 January 2023	–	(5.394.035)	(838.140.999)	(29.818.605)	(260.226)	(873.613.865)
Charge for the period	–	(253.005)	(23.078.757)	(1.701.320)	–	(25.033.082)
Transfers		464	2.708	(3.172)	–	–
Disposals	–	1.841	348.518	253.226	–	603.585
Reversal of impairment	–	–	–	–	155	155
As at 30 June 2023	–	(5.644.735)	(860.868.530)	(31.269.871)	(260.071)	(898.043.207)
As at 1 January 2024	**–**	**(5.898.904)**	**(883.089.275)**	**(32.645.297)**	**(518.734)**	**(922.152.210)**
Charge for the period	**–**	**(254.702)**	**(22.822.094)**	**(1.795.700)**	**–**	**(24.872.496)**
Transfers	**–**	**4.350**	**54**	**(4.404)**	**–**	**–**
Transfers to intangible assets	**–**	**–**	**–**	**–**	**5.054**	**5.054**
Disposals	**–**	**2.193**	**605.692**	**342.325**	**–**	**950.210**
Impairment	**–**	**–**	**–**	**–**	**(8.468)**	**(8.468)**
As at 30 June 2024	**–**	**(6.147.063)**	**(905.305.623)**	**(34.103.076)**	**(522.148)**	**(946.077.910)**
Net book value						
As at 1 January 2023	1.973.225	15.086.734	733.464.524	21.710.514	86.894.920	859.129.917
As at 30 June 2023	1.973.225	14.985.061	719.314.087	22.467.058	94.483.804	853.223.235
As at 1 January 2024	1.972.854	14.989.216	718.550.166	22.984.728	111.625.720	870.122.684
As at 30 June 2024	**1.992.071**	**14.734.481**	**717.873.918**	**23.198.805**	**101.375.832**	**859.175.107**

If NES assets were measured using the cost model, net of accumulated depreciation, the carrying amount would be as follows:

In thousands of tenge	**30 June 2024**	31 December 2023
Initial cost	**501.991.409**	480.216.379
Accumulated depreciation	**(164.559.259)**	(158.755.435)
Net book value	**337.432.150**	321.460.944

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

As at 30 June 2024 and 31 December 2023 the cost of fully amortized property, plant and equipment, which is still in use amounted to 22.749.329 thousand tenge and 21.196.360 thousand tenge, respectively.

Capitalized costs on issued bonds

During the 6 months ended 30 June 2024 the Group capitalized the cost of coupon interest on issued bonds amounted to 4.559.004 thousand tenge less investment income (six months ended, 2023 year: 3.579.384 thousand tenge) *(Note 16)*.

Construction in progress

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

Advances paid for non-current asset

As at 30 June 2024, advances issued for long-term assets are mainly represented by advances paid to suppliers for construction work and services under the project "Strengthening the Power Grid of the Southern Zone of UES of Kazakhstan. Construction of electric grid facilities" and other projects.

7. INVERSTMENTS IN ASSOCIATE

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 summarized financial information about Batys Transit:

In thousands of tenge	**30 June 2024**	31 December 2023
Current assets	**28.250.618**	26.598.279
Non-current assets	**19.282.476**	20.590.070
Current liabilities	**(6.938.971)**	(6.271.121)
Non-current liabilities	**(24.712.835)**	(26.203.433)
Net assets	**15.881.288**	14.713.795

In thousands of tenge	**30 June 2024**	31 December 2023
Group's share in net assets	**3.176.258**	2.942.759
Carrying amount of the investments	**3.176.258**	2.942.759

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENTS IN ASSOCIATE (continued)

In thousands of tenge	**30 June 2024**	31 December 2023
Revenue	**5.840.600**	6.912.013
Net profit/loss	**1.167.493**	(378.626)
Group's share in profit/loss for the six months ended 30 June	**233.499**	(75.725)

8. INVENTORIES

In thousands of tenge	**30 June 2024**	31 December 2023
Raw and other materials	**2.593.804**	1.677.486
Spare parts	**2.163.707**	1.551.497
Fuel and lubricants	**229.149**	135.314
Other inventory	**568.548**	400.591
Less: allowance for obsolete inventories	**(734.374)**	(475.622)
	4.820.834	3.289.266

Movement in the allowance for obsolete inventories was as follows:

In thousands of tenge	**2024**	2023
At 1 January	**475.622**	409.207
Charge	**310.445**	34.840
Reversal	**(51.693)**	(38.322)
At 30 June	**734.374**	405.725

9. TRADE ACCOUNTS RECEIVABLE

In thousands of tenge	**30 June 2024**	31 December 2023
Trade accounts receivable	**36.859.962**	39.293.514
Less: allowance for expected credit losses and impairment	**(5.611.145)**	(4.978.608)
	31.248.817	34.314.906

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

In thousands of tenge	**2024**	2023
At 1 January	**4.978.608**	2.613.649
Charge	**2.103.178**	1.147.059
Reversal	**(1.470.641)**	(240.357)
Write-off	**–**	(19.583)
At 30 June	**5.611.145**	3.500.768

As at 30 June 2024 trade accounts receivable included accounts receivable from the customer National Electric Grids of Uzbekistan JSC, in the amount of 1.767.829 thousand tenge (31 December 2023: 1.632.185 thousand tenge).

As at 30 June 2024 provision for debts from National Electric Grids of Uzbekistan JSC amounted to 1.736.457 thousand tenge (31 December 2023: 1.583.360 thousand tenge).

9. TRADE ACCOUNTS RECEIVABLE (continued)

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

		Trade account receivables				
			Delay in payment			
In thousands of tenge	**Total**	**Current**	**30-90 days**	**91-180 days**	**181-270 days**	**More than 271 days**
30 June 2024						
Percentage of expected credit losses	**15,22%**	**0,99%**	**11,47%**	**43,05%**	**74,77%**	**99,85%**
Estimated total gross carrying amount in case of default	**36.859.962**	**27.507.048**	**2.911.047**	**2.470.750**	**95.316**	**3.875.801**
Expected credit losses	**(5.611.145)**	**(272.274)**	**(333.785)**	**(1.063.667)**	**(71.270)**	**(3.870.149)**
	31.248.817	**27.234.774**	**2.577.262**	**1.407.083**	**24.046**	**5.652**
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 in case of 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 were denominated in the following currencies:

In thousands of tenge	**30 June 2024**	31 December 2023
Tenge	**29.691.592**	34.233.827
Russian RUB	**1.510.043**	–
US Dollar	**47.182**	81.079
	31.248.817	34.314.906

10. OTHER CURRENT ASSETS

In thousands of tenge	**30 June 2024**	31 December 2023
Advances paid for goods and services	**2.338.201**	2.253.444
Deferred expenses	**1.389.362**	126.055
Other receivables for property, plant and equipment and constructions *(Note 6)*	**399.974**	399.974
Loans receivable from employees	**469**	469
Other	**826.949**	862.710
Less: provision for expected credit losses and impairment	**(863.759)**	(908.975)
	4.091.196	2.733.677

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

In thousands of tenge	**2024**	2023
At 1 January	**908.975**	741.392
Charge	**64.915**	218.538
Reversal	**(57.579)**	(18.090)
Write-off	**(52.552)**	(2.696)
At 30 June	**863.759**	939.144

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. OTHER FINANCIAL ASSETS

In thousands of tenge	**30 June 2024**	31 December 2023
Financial assets at amortized cost		
Bonds of Samruk-Kazyna	**25.000.000**	–
Placements with Eximbank Kazakhstan	**2.119.607**	2.138.857
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	**1.984.318**	1.920.172
Placements with DeltaBank	**1.230.000**	1.230.000
Placements with Kazinvestbank	**1.198.169**	1.198.169
Bonds of Development Bank of Kazakhstan (BRK)	**1.136.957**	1.101.857
Bonds of NC KazMunayGas JSC (KMG)	**915.177**	877.600
Interest accrued on Samruk-Kazyna bonds	**811.389**	–
Bank deposits	**46.310**	5.080.317
Interest accrued on Ministry of Finance Eurobonds of the Republic of Kazakhstan	**16.358**	15.778
Interest accrued on NC KazMunayGas JSC bonds	**8.833**	8.517
Interest accrued on Development Bank of Kazakhstan bonds	**8.639**	8.329
Notes of National Bank of RK	**–**	23.172.951
Less: provision for impairment of placements with Eximbank	**(2.119.607)**	(2.138.857)
Less: provision for impairment of placements with DeltaBank	**(1.230.000)**	(1.230.000)
Less: provision for impairment of placements with Kazinvestbank	**(1.198.169)**	(1.198.169)
Less: provision for expected credit losses	**(199)**	(28.580)
	29.927.782	32.156.941
Financial assets at fair value through profit or loss		
Bonds of Special Financial Company DSFK	**47**	411.883
	47	411.883
Total other financial assets	**29.927.829**	32.568.824
Other current financial assets	**29.012.652**	30.589.367
Other non-current financial assets	**915.177**	1.979.457
Total other financial assets	**29.927.829**	32.568.824

Movement in the provision for impairment of other financial assets are as follows:

In thousands of tenge	**2024**	2023
At 1 January	**4.595.606**	4.622.572
Charge	**146**	22
Reversal	**(47.777)**	(44.089)
At 30 June	**4.547.975**	4.578.505

Bonds of Samruk-Kazyna JSC (hereinafter - Samruk Kazyna)

On 7 March 2024, the Group purchased Samruk-Kazyna coupon bonds at 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 7 March 2025. The bonds were classified as carried at amortized cost.

On 23 May 2024, the Group purchased Samruk-Kazyna coupon bonds at 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 0,75%, for a total amount of 10.000.000 thousand tenge and with a term applications until 23 May 2025. The bonds were classified as carried at amortized cost.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. OTHER FINANCIAL ASSETS (continued)

Bonds of Development Bank of Kazakhstan (hereinafter - BRK)

On 27, 29 June and 3 July 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 USD 2.436.560 (equivalent to 1.098.525 thousand tenge), for a period applications until 12 May 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 to 20.840 thousand tenge). For six months of 2024, the amount of premium depreciation amounted to 5.611 thousand tenge.

Bonds of NC KazMunayGas JSC

On 27 and 28 June 2023, the Group purchased coupon international bonds of NC Kazmunaigas JSC on the international market at a rate of 4,75% per annum for a total amount of USD 1.920.000 (equivalent to 867.067 thousand tenge), maturing until 19 April 2027. The bonds were classified as carried at amortized cost..

Upon initial recognition, a discount of 80.000 US dollars (equivalent to 35.792 thousand tenge) was accrued. For six months of 2024, the amount of discount amortization amounted to 4.734 thousand tenge.

Notes of the National Bank of the Republic of Kazakhstan

During the six months of 2024, the amount of repayments of discount notes of the National Bank of the Republic of Kazakhstan amounted to 23.266.765 thousand tenge (for the period ended 30 June 2023: 47.555.591 thousand tenge). During the period ended 30 June 2024, the Group recognized finance income in the amount of 93.815 thousand tenge (during the period ended 30 June 2023: 528.017 thousand tenge) (Note 23).

Bank deposits

As at 30 June 2024 and 31 December 2023, bank deposits include accrued interest income in the amount of 36 thousand tenge and 21.224 thousand tenge, respectively. Information on banks is provided in *Note 27* in the credit risk section.

Placements with Eximbank Kazakhstan JSC (hereinafter - Eximbank Kazakhstan)

On 27 August 2018, by resolution of the Board of the National Bank of the Republic of Kazakhstan, it was decided to deprive Eskimbank Kazakhstan of its license to accept deposits and open bank accounts for individuals. In this regard, the Group reclassified cash and equivalents held by Eskimbank into other financial assets and accrued a provision for expected credit losses in the amount of 100%.

During the six months ended 30 June 2024, the Liquidation Commission of Eskimbank Kazakhstan made a payment in the amount of 53.02 thousand US dollars, which is equivalent to 23.552 thousand tenge on the date of payment (during the six months ended 30 June 2023: 53.6 thousand US dollars , which is equivalent to 23.876 thousand tenge on the date of payment).

Kazinvestbank and DeltaBank

No payments were made during the six months ended 30 June 2024 and 2023

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. OTHER FINANCIAL ASSETS (continued)

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 in the amount of 4.200.000 pieces at a rate of 3,875% per annum and maturity until October 2024 for a total amount of 4.368 thousand US dollars (equivalent in tenge to 1.984.318 thousand tenge as of the reporting date).

Bonds of Special Financial Company DSFK LLP

On 3 January 2024, Kazakhmys Corporation LLP made a guarantee payment in the amount of 411.883 thousand tenge.

During the six months ended 30 June 2024 and 2023, DSFK Special Financial Company LLP repaid bonds worth 913 thousands tenge and 24.108 thousands tenge, respectively.

Other financial assets were represented in the following currencies:

In thousands of tenge	**Interest rate**	**30 June 2024**	31 December 2023
Tenge	0,01 – 14,25%	**25.812.889**	28.577.633
US Dollar	2.8 – 5,75%	**4.114.940**	3.991.191
		29.927.829	32.568.824

12. RESTRICTED CASH

In thousands of tenge	**30 June 2024**	31 December 2023
Cash reserved for return on guarantee obligations	**1.042.614**	950.649
Cash in funding accounts	**989.129**	898.893
Less: provision for expected credit losses	**(3.836)**	(3.486)
	2.027.907	1.846.056

During the six months ended 30 June 2024 and 2023, no interest accrued on cash in the reserve for repayment of short-term guarantee obligations.

During 2023-2024, 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 30 June 2024, the amount of the deposit amounted to 988.927 thousand tenge and accrued interest was 202 thousand tenge (as of 31 December 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 of tenge	**2024**	2023
At 1 January	**3.486**	371
Charge	**823**	3.347
Reversal	**(473)**	(342)
At 30 June	**3.836**	3.376

As at 30 June 2024 and 31 December 2023, restricted cash was denominated in tenge.

13. CASH AND CASH EQUIVALENTS

In thousands of tenge	**30 June 2024**	31 December 2023
Short-term deposits, in tenge	**33.380.621**	23.483.049
Cash in reverse REPO transactions	**26.454.126**	20.056.276
Short-term deposits, in foreign currencies	**1.846.557**	1.202.172
Current accounts with banks, in tenge	**229.381**	753.716
Current accounts with banks, in foreign currencies	**768**	55.054
Cash on hand, in tenge	**2.927**	2.870
Cash at special accounts, in tenge	**–**	2
Less: provision for expected credit losses	**(77.090)**	(24.616)
	61.837.290	45.528.523

As part of diversification, the Group placed part of its free liquidity in money market instruments, such as reverse REPO secured by government securities.

During the period ended 30 June 2024, the Group placed short-term deposits with banks at 2,5-15,8% per annum in tenge, as well as on current accounts with banks at 0,03% per annum.

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

In thousands of tenge	**2024**	2023
As at 1 January	**24.616**	183.565
Charge	**64.081**	86.056
Reversal	**(11.607)**	(242.181)
As at 30 June	**77.090**	27.440

As at 30 June 2024 and 31 December 2023 cash and cash equivalents were denominated in the following currencies:

In thousands of tenge	**30 June 2024**	31 December 2023
Tenge	**60.006.947**	44.280.150
US dollar	**1.830.284**	1.248.354
Russian rouble	**59**	19
	61.837.290	45.528.523

14. EQUITY

As of 30 June 2024 and 31 December 2023, the Company's share capital amounted to 275.294.118 issued shares, of which 275.292.728 shares were issued and fully paid for a total amount of 148.922.757 thousand tenge.

Treasury shares

In November 2016 the Group repurchased shares placed on the open market consisting of 1.390 shares for the total amount of 930 thousand tenge.

Asset revaluation reserve

The asset revaluation reserve is represented by the increase in value as a result of the revaluation of NES Group assets carried out as of 1 December 2022 *(Note 6)*. The transfer from the asset revaluation reserve to retained earnings as a result of the disposal of NES assets for the six-month period ended 30 June 2024 amounted 237.481 thousand tenge (for the six-month period ended 30 June 2023: 67.596 thousand tenge).

Dividends

In May 2023, shareholders approved the distribution of 100% of net profit for the second half of 2022, as well as part of retained earnings from previous periods. The amount to be paid was 13.153.330 thousand tenge for all holders of the Company's common shares, which is equal to 50,59 tenge per common share. Dividends were paid on 29 May 2023.

In September 2023, shareholders approved the distribution of 87,81% of net profit for the first half of 2023 for the payment of dividends. The amount to be paid was 20,212,292 thousand tenge for all holders of the Company's common shares, which is equal to 77.74 tenge per common share. On 31 October 2023, KEGOC JSC paid dividends to all minority shareholders in the total amount of 2.021.132 thousand tenge. On December 7 and 12, 2023, KEGOC JSC paid Samruk-Kazyna the remaining dividends in the amount of 18.191.160 thousand tenge

In May 2024, shareholders approved the distribution of dividends for the second half of 2023. The amount to be paid was 21.885.772 thousand tenge for all holders of the Company's common shares, which is equal to 79,50 tenge per common share. Dividends were paid on 30 May 2024.

Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing net income 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 during the period ended 30 June 2024 (for the six-month period ended 30 June 2023: 259.998.610). For the six-month period ended 30 June 2024 and 2023, basic and diluted earnings per share were 127.74 tenge and 88.53 tenge respectively.

Book value per share

In accordance with the decision of the Exchange Board of the Kazakhstan Stock Exchange JSC (hereinafter "KASE") dated 4 October 2010 the 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 of tenge	**30 June 2024**	31 December 2023
Total assets	**1.002.925.887**	1.001.785.007
Less: intangible assets	**(3.051.467)**	(3.163.452)
Less: total liabilities	**(303.927.075)**	(316.065.873)
Net assets	**695.947.345**	682.555.682
Number of ordinary shares	**275.292.728**	275.292.728
Book value per ordinary share, tenge	**2.528**	2.479

15. BORROWINGS

In thousands of tenge	**30 June 2024**	31 December 2023
International Bank of Reconstruction and Development (IBRD)	**6.426.991**	6.735.812
	6.426.991	6.735.812
Less: current portion of loans repayable within 12 months	**(1.180.672)**	(1.146.917)
	5.246.319	5.588.895

As at 30 June 2024 and 31 December 2023, accrued and unpaid interest on loans amounted to 127.557 thousand tenge and 131.596 thousand tenge, respectively. As of 30 June 2024 and 31 December 2023, the unamortized portion of the loan arrangement fee amounted to 56.415 thousand tenge and 32.068 thousand tenge, respectively.

As of 30 June 2024 and 31 December 2023, borrowings were denominated in US dollars.

Moinak Electricity Transmission Project

In 2009, for the implementation of the Moinak Hydroelectric Power Plant Power Delivery Scheme project, the Group received a credit line in the amount of 48.000 thousand US dollars provided by the International Bank for Reconstruction and Development for 25 (twenty-five) years, of which the first 5 (five) years were a grace period. The credit line is secured by a guarantee from the Government of the Republic of Kazakhstan. Interest on the loan from 15 September 2023 is accrued at the monthly SOFR rate plus a fixed spread of 1,28% and is repaid twice a year. In May 2013, the unused portion of the credit line from the IBRD in the amount of 3.274 thousand US dollars was canceled due to the fact that the amount of actual costs incurred during this project was less than expected. As of June 30, 2024 and December 31, 2023, the balance of the loan is 13.481 thousand US dollars (equivalent to 6.355.849 thousand tenge) and 14.599 thousand US dollars (equivalent to 6.636.284 thousand tenge), respectively.

16. BONDS PAYABLE

In thousands of tenge	**30 June 2024**	31 December 2023
Nominal value of issued bonds	**150.941.100**	150.941.100
Accrued coupon interest	**4.540.812**	7.277.659
Less: discount on bonds issued	**(1.278.102)**	(1.337.888)
Less: transaction costs	**(77.373)**	(81.294)
	154.126.437	156.799.577
Less: current portion of bonds repayable within 12 months	**(4.540.812)**	(7.277.659)
	149.585.625	149.521.918

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. BONDS PAYABLE (continued)

Under the State Program "Nurly Zhol" the Group placed two tranches of coupon bonds on "Kazakhstan Stock Exchange" JSC to finance the projects "Construction of 500 kW line Semey − Ak-togay − 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 of 2031 (the minimum rate of the consumer price index is set at 5%). The coupon rate for the period from 1 January 2023 to 26 May 2023 was 14,9% per annum, from 27 May 2023 to 30 June 2024 was 18,9% per annum. All bonds under this program were acquired by Unified Accumulative Pension Fund. Bonds were issued with discount in the amount 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 "Reconstruction of 220-500 kW overhead lines of branches of KEGOC JSC" and "Strengthening the Electricity Grid of the Western Zone of the UES of Kazakhstan Construction of power grid facilities:

- On 28 May 2020, KEGOC's bonds were placed on Kazakhstan Stock Exchange JSC (KASE) with nominal value of 9.700.000 thousand tenge and 11% annual yield, maturity until 2035. The bonds were placed at a discount of 667.593 thousand tenge. As a result of trades, 89,6% of bonds were purchased by STB (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 Kazakhstan Stock Exchange JSC (KASE) with nominal volume of 8.869.672 thousand tenge with an average weighted yield to maturity of 11,62% per annum, with maturity until 2035. The bonds were placed with a discount in the amount of 380.267 thousand tenge. Accrued coupon interest on the date of placement amounted to 159.900 thousand tenge. As a result of trades, 22,6% of bonds were purchased by broker-dealer organizations, 72,8% by other institutional investors, 4.6%− by other legal entities.
- On 21 October 2021, bonds of KEGOC JSC were successfully placed on Kazakhstan Stock Exchange JSC with a nominal value 16.430.328 thousand tenge and weighted average yield to maturity of 11.5% per annum, with maturity until 2035. The bonds were placed at a discount of 562.427 thousand tenge, accrued coupon interest on the placement date 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 21 December 2022, KEGOC's green bonds were successfully placed on Kazakhstan Stock Exchange JSC (KASE) with nominal value of 16.141.100 thousand tenge, with a floating rate equal to the TONIA rate plus 3% margin and maturity until 2037. As a result of trades, 50,4% of the of the bonds were purchased by banks, 49,6% - by other institutional investors.
- On 30 March 2023, KEGOC's "green" bonds were successfully placed on Kazakhstan Stock Exchange JSC (KASE) with nominal value of 16.000.000 thousand tenge, with a floating rate equal to the TONIA rate plus a margin of 3% and a maturity until 2037. The investors were Development Bank of Kazakhstan JSC and the European Bank for Reconstruction and Development (EBRD).

During the year ended 30 June 2024 the Group capitalized the borrowing costs of coupon interest on the issued bonds less investment income in the amount of 4.559.004 thousand tenge (for the six months ended June 2023: 3.579.384 thousand tenge) *(Note 23).*

The movement of the bonds for reconciliation with cash flow statement is presented in *Note 27*.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. TRADE AND OTHER ACCOUNTS PAYABLE

As at 30 June 2024 and 31 December 2023 trade and other accounts payable:

In thousands of tenge	**30 June 2024**	31 December 2023
Accounts payable for electricity purchased	**2.814.653**	6.627.773
Accounts payable for property, plant and equipment and construction works	**3.695.116**	12.835.004
Accounts payable for inventories, works and services	**2.556.144**	2.707.427
Less: discount	**(145.625)**	(286.058)
	8.920.288	21.884.146
Less: current portion of trade payables repayable within 12 months	**8.920.288**	19.721.022
	–	2.163.124

As at 30 June 2024 and 31 December 2023 trade and other accounts payables were denominated in the following currencies:

In thousands of tenge	**30 June 2024**	31 December 2023
Tenge	**6.140.724**	15.281.107
Russian RUB	**2.751.748**	6.542.361
US Dollar	**27.816**	35.910
Euro	**–**	24.768
	8.920.288	21.884.146

Trade and other accounts payable for property, plant and equipment and construction in progress include accounts payable to a related party of Karabatan utility solutions LLP, detailed information about which is disclosed in Note 26.

18. TAXES PAYABLE OTHER THAN CORPORATE INCOME TAX

In thousands of tenge	**30 June 2024**	31 December 2023
VAT payable	**4.142.747**	1.919.100
Contributions payable to pension fund	**281.553**	479.692
Personal income tax	**203.835**	425.774
Social contribution payable	**159.920**	219.971
Social tax	**159.117**	340.388
Property tax	**36**	19.920
Other	**21.580**	21.511
	4.968.788	3.426.356

19. OTHER CURRENT LIABILITIES

In thousands of tenge	**30 June 2024**	31 December 2023
Due to employees	**4.218.529**	4.580.092
Other	**1.354.150**	1.136.022
	5.572.679	5.716.114

Due to employees mainly comprise of salaries payable and provision for unused vacation.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the three months ended		For the six months ended	
In thousands of tenge	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023
Service of using the national electrical grid	**34.074.700**	–	**74.268.862**	–
Electricity transmission services	**14.526.225**	37.948.493	**32.137.144**	80.024.067
Income from the sale of balancing electricity	**8.152.617**	–	**19.890.827**	–
Technical dispatch	**8.867.024**	7.825.689	**18.899.025**	16.802.884
Balancing of electricity production and consumption	**3.030.528**	4.880.512	**6.497.141**	10.617.571
Sale of electricity for compensation of the interstate balances of electricity flows	**3.961.343**	2.463.852	**5.589.418**	5.591.456
Power regulation services	**144.159**	67.201	**339.136**	222.290
Other	**493.165**	560.732	**752.538**	1.091.860
	73.249.761	53.746.479	**158.374.091**	114.350.128

	For the three months ended		For the six months ended	
In MW/hour	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023
Service of using the national electrical grid	**17.071.801**	–	**37.574.908**	–
Electricity transmission services	**4.181.412**	13.324.611	**9.342.656**	28.093.965
Income from the sale of balancing electricity	**440.885**	–	**1.125.055**	–
Technical dispatch	**26.156.412**	24.922.577	**55.749.335**	53.512.369
Balancing of electricity production and consumption	**50.508.809**	48.690.921	**108.286.477**	104.098.429
Sale of electricity for compensation of the interstate balances of electricity flows	**676.783**	274.861	**926.987**	848.051
Power regulation services	**170**	65	**426**	215

	For the three months ended		For the six months ended	
In thousands of tenge	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023
Revenue recognition timeline				
The goods are transferred at a certain point in time	**3.961.343**	2.463.852	**5.589.418**	5.591.456
The services are provided over a period of time	**69.288.418**	51.282.627	**152.784.673**	108.758.672
Total revenue from contracts with customers	**73.249.761**	53.746.479	**158.374.091**	114.350.128

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. COST OF SALES

In thousands of tenge	For the three months ended **30 June 2024**	For the three months ended 30 June 2023	For the six months ended **30 June 2024**	For the six months ended 30 June 2023
Technical losses of electric energy	**12.572.133**	4.932.632	**27.011.130**	12.826.055
Depreciation and amortization	**12.398.002**	12.497.896	**24.795.476**	24.967.478
Cost of purchased electricity for compensation of interstate balances of electricity flows	**5.633.461**	5.918.009	**16.404.832**	14.756.001
Payroll expenses and related taxes	**7.905.578**	6.450.500	**15.868.240**	13.291.215
Cost of purchase of balancing electricity at the BME RK	**4.834.053**	–	**7.244.269**	–
Taxes	**1.940.680**	1.943.008	**3.824.480**	3.863.175
Repair and maintenance expenses	**2.158.617**	2.215.162	**3.542.015**	3.435.738
For the purchase of services to ensure the readiness of power to bear the load	**1.433.003**	1.035.010	**2.914.442**	2.070.021
Запасы	**519.447**	455.816	**834.742**	666.572
Security services	**405.715**	386.681	**814.739**	761.736
Others	**1.713.302**	1.556.092	**3.064.305**	2.665.404
	51.513.991	37.390.806	**106.318.670**	79.303.395

22. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of tenge	For the three months ended **30 June 2024**	For the three months ended 30 June 2023	For the six months ended **30 June 2024**	For the six months ended 30 June 2023
Payroll expenses and related taxes	**1.676.701**	930.778	**3.318.344**	2.264.626
Software maintenance expense	**298.063**	200.947	**573.269**	421.988
Depreciation and amortization	**230.620**	245.874	**462.850**	491.542
Third-party company services	**192.345**	172.104	**346.074**	327.369
Insurance expenses	**46.123**	28.971	**88.761**	55.768
Taxes other than corporate income tax	**35.536**	77.733	**72.099**	153.957
Business trip expenses	**36.020**	21.023	**59.263**	43.244
Expenses for the Board of Directors	**28.427**	23.323	**50.619**	25.262
Communal expenses	**15.703**	14.144	**48.436**	32.819
Materials	**18.075**	20.310	**42.198**	33.143
Consulting services	**32.406**	36.899	**32.954**	104.727
Trainings	**24.095**	13.972	**23.489**	17.016
Charge for obsolete inventories (*Note 8*)	**125.113**	7.304	**258.752**	(3.482)
Прочие	**263.596**	420.443	**754.992**	707.540
	3.022.823	2.213.825	**6.132.100**	4.675.519

23. FINANCE INCOME/(EXPENSE)

In thousands of tenge	For the three months ended **30 June 2024**	30 June 2023	For the six months ended **30 June 2024**	30 June 2023
Finance income				
Interest income on deposits, current accounts and quoted bonds	**1.893.021**	1.900.817	**3.571.965**	3.690.458
Income from reverse REPO transactions	**1.354.761**	333.174	**2.556.911**	333.174
Income from the National Bank notes *(Note 11)*	–	383.778	**93.815**	528.017
Amortization of discount on accounts receivable *(Note 26)*	**13.143**	16.507	**27.161**	33.619
Amortization of discount on other financial assets	**2.382**	72	**4.735**	72
Income from revaluation of DSFK financial instruments *(Note 11)*	**370**	–	**913**	–
Others	–	–	**–**	18.998
	3.263.677	2.634.348	**6.255.500**	4.604.338
Less: interest capitalized into cost of qualifying asset *(Note 6)*	**(113.913)**	(670.342)	**(252.135)**	(852.022)
	3.149.764	1.964.006	**6.003.365**	3.752.316
Finance costs				
Bond coupon	**5.323.140**	5.618.022	**11.019.416**	10.178.988
Interest on loans	**102.476**	173.166	**212.382**	345.067
Discount costs	**78.975**	121.692	**204.139**	286.143
Commission on bank guarantees	**16.730**	31.799	**38.842**	62.489
Expenses from issuing bonds	**15.070**	12.981	**30.996**	31.762
Amortization of premium on other financial assets	**6.320**	20.935	**12.554**	58.536
Amortization of commission for arranging a loan	**304**	303	**607**	6.795
Expense from revaluation of DSFK financial instruments *(Note 11)*	**–**	353.623	**–**	353.623
	5.543.015	6.332.521	**11.518.936**	11.323.403
Less: interest capitalized into cost of qualifying assets *(Note 6)*	**(2.373.772)**	(2.654.669)	**(4.811.139)**	(4.431.406)
	3.169.243	3.677.852	**6.707.797**	6.891.997

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

24. FOREIGN EXCHANGE GAIN, NET

Due to changes in the exchange rate of the Tenge for the period ended 30 June 2024, the Group recognized a net foreign exchange gain of 265.387 thousands tenge (for the period ended 30 June 2023: net foreign exchange gain of 489.104 thousand tenge).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. CORPORATE INCOME TAX EXPENSE

	For the three months ended		For the six months ended	
In thousands of tenge	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023
Current corporate income tax				
Current corporate income tax expense	**4.095.920**	3.180.147	**10.668.827**	7.845.477
Adjustments in respect of current income tax of previous year	**309.199**	124.061	**309.199**	124.061
Deferred tax				
Deferred tax benefit	**(661.769)**	(1.021.274)	**(2.031.086)**	(2.449.685)
Total corporate income tax expense reported in interim consolidated statement of comprehensive income	**3.743.350**	2.282.934	**8.946.940**	5.519.853

In the Republic of Kazakhstan in 2024 and 2023, the corporate income tax rate was 20%.

Below is a reconciliation of the 20% corporate income tax rate and the actual amount of corporate income tax recorded in the interim consolidated statement of comprehensive income:

	For the three months ended		For the six months ended	
In thousands of tenge	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023
Profit before tax from continuing operations	**17.496.570**	11.827.857	**44.112.390**	28.537.211
Tax at statutory income tax rate of 20%	**3.499.314**	2.365.571	**8.822.478**	5.707.442
Adjustments in respect of current corporate income tax of previous year	**309.199**	124.061	**309.199**	124.061
Interest income from securities	**(142.589)**	(167.307)	**(180.106)**	(334.495)
Other non-deductible expenses / (non-taxable income)	**77.426**	(39.391)	**(4.631)**	22.845
Corporate income tax expense reported in profit or loss	**3.743.350**	2.282.934	**8.946.940**	5.519.853

25. CORPORATE INCOME TAX EXPENSE (continued)

Deferred tax assets and liabilities as of 30 June 2024 and 31 December 2023 are as follows:

	Interim consolidated statement of financial position				Changes in net deferred tax liabilities For the six months ended	
In thousands of tenge	**30 June 2024**	31 December 2023	30 June 2023	31 December 2022	**30 June 2024**	30 June 2023
Accounts receivable	**550.207**	462.861	314.130	241.886	**87.346**	72.244
Accrued liabilities	**717.114**	870.605	576.269	805.685	**(153.491)**	(229.416)
Property, plant and equipment	**(118.878.905)**	(120.976.136)	(122.411.998)	(125.018.855)	**2.097.231**	2.606.857
Deferred tax benefit	**–**	–	–	–	**2.031.086**	2.449.685
Net deferred tax liabilities	**(117.611.584)**	(119.642.670)	(121.521.599)	(123.971.284)	**–**	–

For the six-month period ended 30 June 2024 and 2023, the change in net deferred liabilities was as follows:

In thousands of tenge	**2024**	**2023**
At 1 January	**(119.642.670)**	(123.971.284)
Deferred corporate income tax benefit recognized in profit or loss	**2.031.086**	2.449.685
Ha 30 June	**(117.611.584)**	(121.521.599)

The Group offsets tax assets and tax liabilities only when it has a legally enforceable right to offset current tax assets and current tax liabilities, and deferred tax assets and deferred tax liabilities relate to corporate income taxes, which are levied at the same time. tax authority.

As of 30 June 2024, prepayment of corporate income tax amounted to 64.847 thousand tenge (as of 31 December 2023: 1.834.225 thousand tenge), and the debt on corporate income tax amounted to 3.758.849 thousand tenge (as of 31 December 2023 year: absent).

26. TRANSACTIONS WITH RELATED PARTIES

Related parties include key management personnel of the Group, enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Group's key management personnel and other entities controlled by the Government. 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.

Transactions with related parties for the period ended 30 June 2024 and 2023 represent the following:

In thousands of tenge		Subsidiaries of Samruk-Kazyna	Associated of Samruk-Kazyna	Entities under joint control of Samruk-Kazyna	Associated of the Group
Sale of services	**2024**	**25.489.550**	**6.279.900**	**1.573.589**	**290.946**
	2023	23.502.823	3.224.956	1.367.317	300.920
Purchase goods and services	**2024**	**791.292**	**1.852.471**	**–**	**–**
	2023	13.040.926	955.821	–	30.206
Amortization of discount on long-term receivables	**2024**	**27.162**	**–**	**–**	**–**
	2023	33.619	–	–	–
Amortization of discount on long-term accounts payable	**2024**	**140.433**	**–**	**–**	**–**
	2023	222.786	–	–	–

Debt as of 30 June 2024 and 31 December 2023 from transactions with related parties represents the following:

In thousands of tenge		Subsidiaries of Samruk-Kazyna	Associated of Samruk-Kazyna	Entities under joint control of Samruk-Kazyna	Associated of the Group
Current trade accounts receivables for the sale of services	**2024**	**3.814.419**	**1.010.895**	**207.341**	**232.349**
	2023	4.344.858	917.520	227.020	50.976
Accounts receivable for sale of property, plant and equipment	**2024**	**491.677**	**–**	**–**	**–**
	2023	562.761	–	–	–
Accounts payables for property complex	**2024**	**2.213.311**	**–**	**–**	**–**
	2023	4.431.817	–	–	–
Current trade and other accounts payable for the services purchased	**2024**	**621.793**	**1.395.950**	**–**	**–**
	2023	277.960	169.819	2.008	–

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. TRANSACTIONS WITH RELATED PARTIES (continued)

Revenue and cost of sales, trade accounts receivable and payable

The sale of services to related parties mainly represent electricity transmission, technical dispatch and services on balancing production and consumption of electricity, electrical capacity readiness services. The purchase of services from related parties mainly represents communication services, energy services, electricity purchase, electric capacity readiness services, postal service and software maintenance services.

Other accounts receivable

On 30 September 2015 the Group sold buildings and structures with a complex of equipment and adjacent land plots located in Astana to a related party - Kazpost JSC for 2.161.476 thousand tenge. In accordance with the sale agreement, Kazpost JSC pays the debt in equal monthly installments until June 2027. Accordingly, the Group has discounted future cash flows at a market discount rate of 10,37%. As at 30 June 2024 the unamortized discount on receivables from Kazpost JSC amounted to 81.432 thousand tenge (as at 31 December 2023: 108.594 thousand tenge). As at 30 June 2024 net debt amounted to 491.677 thousand tenge, where.311.557 thousand tenge was included in long-term receivables from related parties (as at 31 December 2023: net debt was 562.761 thousand tenge, long-term receivables from related parties was 382.638 thousand tenge). For the six months ended 30 June 2024, the Group recognized income from amortization of discount in the amount of 27.162 thousand tenge (for the six months ended 30 June 2023: 33.619 thousand tenge) *(Note 23)*.

As at 30 June 2024 the Group had receivables from the sale of property, plant and equipment to a related party - Balkhashskaya TPP JSC , in the amount of 220.494 thousand tenge (as at 31 December 2023: 220.494 thousand tenge). In accordance with the sales contract, Balkhashskaya TPP JSC had to pay the debt by the end of 2018, however, as at 31 December 2022 the debt was not repaid. Due to the suspension of the construction of the Balkhashskaya TPP, the management of the Group, in 2018, decided to accrue a provision for the expected credit losses in the amount of 100%.

The total ECL for trade accounts receivables from related parties as at 30 June 2024 was 337.653 thousand tenge (31 December 2023: 421.790 thousand tenge).

Accounts payables for property complex

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 will pay by equal annual installments until 25 March 2025. Accordingly, the Group discounted future cash flows at a discount rate of 10,25%. As of 30 June 2024, unamortized discount on accounts payable of Karabatan Utility Solutions LLP amounted to 145.625 thousand tenge (as of 31 December 2023: 286.058 thousand tenge).

As at 30 June 2024, the amount of debt less discount amounted to 2.213.311 thousand tenge, which was entirely included in short-term accounts payable from related parties. For the six months ended 30 June 2024, the Group recognized an expense from amortization of discount on accounts payable in the amount of 140.433 thousand tenge.

Other

As of 30 June 2024, the amount of guarantee of the Government of the Republic of Kazakhstan under the IBRD loan amounted to 6.474.303 thousand tenge (as of 31 December 2023: 6.758.169 thousand tenge).

Compensation of key management personnel and all other expenses associated with them (taxes, deductions, sick leave, vacation pay, financial assistance, etc.) included in salary expenses in the accompanying interim consolidated statement of comprehensive income amounted to 519.500 thousand tenge for the period ended 30 June 2024 (for the six months ended 30 June 2023: 327.590 thousand tenge).

The remuneration of key management personnel mainly consists of contractual salaries and performances based remuneration.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings, bonds payable, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, cash and cash equivalents, short-term deposits that arrive directly from its operations, as well as investments in debt securities.

The Group is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term borrowings with floating interest rates *(Notes 15 and 16).*

The Group limits its interest rate risk by monitoring changes in interest rates in the currencies in which the borrowings are denominated. With all other variables held constant, loans with floating interest rate loans have following impact on the Group's profit before tax:

In thousands of tenge	**Increase/ (decrease) in basis points* / in percentage**	**Effect on profit before tax**
For a six-month period ended 30 June 2024		
SOFR	**382/(382)**	**(247.318)/247.318**
Inflation rate in the Republic of Kazakhstan	**1%/0%**	**(802.468)/−**
For a six-month period ended 30 June 2023		
LIBOR	245/(245)	(289.829)/289.829
Inflation rate in the Republic of Kazakhstan	1%/0%	(795.504)/−

* *1 basis point = 0,01%.*

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's financing activities. Also, the Group's exposure to the risk of changes in foreign exchange rates relates to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following tables demonstrate the sensitivity to a reasonably possible change in the US Dollar, Euro and Russian rouble exchange rate, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

In thousands of tenge	**Increase/(decrease) in the exchange rate in absolute terms (Tenge)**	**Increase/(decrease) in exchange rate**	**Effect on profit before tax**
At 30 June 2024			
US dollar	**66,71/(66,71)**	14,15%/(14,15%)	**(65.430)/65.430**
Euro	**65,37/(65,37)**	12,95%/(12,95%)	**–/–**
Russian rouble	**1,58/(1,58)**	28,54%/(28,54%)	**(354.366)/354.366**
At 31 December 2023			
US dollar	64,32/(64,32)	14,15%/(14,15%)	(205.330)/205.330
Euro	65,04/(65,04)	12,95%/(12,95%)	(3.207)/3.207
Russian rouble	1,44/(1,44)	28,54%/(28,54%)	(1.867.184)/1.867.184

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade accounts receivables *(Note 9)* and from its investing activities, including deposits with banks and investments in debt securities *(Notes 11, 12 and 13).*

Trade accounts receivable

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., product type and other). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2024 and 31 December 2023, is represented by their carrying amount.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The following table shows the balance of cash and cash equivalents and bank deposits placed in banks at the reporting date using the credit rating agency "Standard & Poor's" and "Moody's" less accrued provisions:

In thousands of tenge	**Location**	**Rating 2024**	Rating 2023	**30 June 2024**	31 December 2023
Ministry of Finance of the Republic of Kazakhstan	Kazakhstan	**BBB-/ stable**	BBB-/ stable	**14.477.907**	6.978.109
Kazakhstan Sustainability Fund JSC,	Kazakhstan	**BBB-/ stable**	BBB-/ stable	**11.976.219**	13.078.167
Bank Center Credit JSC	Kazakhstan	**BB-/ positive**	BB-/ stable	**10.551.165**	9.279.599
Jysan Bank JSC	Kazakhstan	**Ba3/ positive**	Ba3/ positive	**10.148.231**	4.774.152
Halyk Bank JSC	Kazakhstan	**BB+/ positive**	BB+/ stable	**9.458.384**	7.670.554
Forte Bank JSC	Kazakhstan	**BB-/ stable**	BB-/ stable	**5.311.741**	10.642.826
Freedom Finance JSC	Kazakhstan	**B/ positive**	-	**1.983.958**	–
Eurasian Bank JSC	Kazakhstan	**Ba3/ positive**	Ba3/ positive	**719**	18
CB Moskommertsbank (JSC)	Russia	**–**	–	**54**	19
Kazpost JSC	Kazakhstan	**BBB-/stable**	–	**3**	–
				63.908.381	52.423.444

Liquidity risk

The management of the Group has built an appropriate liquidity risk management framework in accordance with the short, medium and long-term funding and liquidity management requirements. The Group manages its liquidity risk by maintaining adequate reserves, bank loans and credit lines, by monitoring projected and actual cash flows and comparing maturity dates of financial assets and liabilities.

The Group assessed risk concentration in relation to debt refinancing and concluded that it would be low. The Group has access to a variety of sufficient sources of funding.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

In thousands of tenge	**On demand**	**Due more than 1 month but not later than 3 months**	**Due more than 3 months but not later than 1 year**	**Due more than 1 year but not later than 5 years**	**Due more than 5 years**	**Total**
At 30 June 2024						
Borrowings	**–**	**634.038**	**811.694**	**4.542.604**	**1.646.369**	**7.634.705**
Bonds payable	**–**	**4.841.344**	**14.478.047**	**77.292.894**	**150.941.100**	**247.553.385**
Trade and other accounts payable	**–**	**6.706.975**	**2.358.938**	**–**	**–**	**9.065.913**
	–	**12.182.357**	**17.648.679**	**81.835.498**	**152.587.469**	**264.254.003**
At 31 December 2023						
Borrowings	–	617.564	898.891	4.947.843	1.604.485	8.068.783
Bonds payable	–	5.677.742	17.064.593	90.922.289	267.086.396	380.751.020
Trade and other accounts payable	–	17.452.328	2.358.938	2.358.938	–	22.170.204
	–	23.747.634	20.322.422	98.229.070	268.690.881	410.990.007

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the shareholder's value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a debt to capital ratio, which is debt divided by total capital. The Group's objective is to keep the ratio not higher than 0,5. Debt is considered to be equal to all borrowings and bonds payable. Capital is considered to be equal to the total liabilities and entire equity.

	30 June 2024	31 December 2023
Debt/capital	**0,16**	0,16

In thousands of tenge	**30 June 2024**	31 December 2023
Long-term borrowings and long-term bonds payable	**154.831.944**	155.110.813
Short-term borrowings and short-term bonds payable	**5.721.484**	8.424.576
Debt	**160.553.428**	163.535.389
Total liabilities	**303.927.075**	316.065.873
Equity	**698.998.812**	685.719.134
Total equity and liabilities	**1.002.925.887**	1.001.785.007

The structure of the Group capital includes the share capital as disclosed in *Note 14*, reserves and retained earnings.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value hierarchy (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Assets measured at fair value

In thousands of tenge	**30 June 2024**	**Level 1**	**Level 2**	**Level 3**
NES assets (*Note 6*)	**717.873.918**	**–**	**–**	**717.873.918**
Bonds of "Special Financial Company DSFK LLP" *(Note 11)*	**47**	**–**	**–**	**47**

In thousands of tenge	31 December 2023	Level 1	Level 2	Level 3
NES assets (*Note 6*)	718.550.166	–	–	718.550.166
Bonds of "Special Financial Company DSFK LLP" *(Note 11)*	411.883	–	–	411.883

Assets for which fair values are disclosed

In thousands of tenge	**30 June 2024**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Other financial assets *(Note 11)*	**29.927.782**	**–**	**29.927.782**	**–**

In thousands of tenge	31 December 2023	Level 1	Level 2	Level 3
Financial assets				
Other financial assets *(Note 11)*	32.156.941	–	32.156.941	–

Liabilities for which fair values are disclosed

In thousands of tenge	**30 June 2024**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities				
Bonds payable (*Note 16*)	**154.126.437**	**–**	**154.126.437**	**–**
Borrowings (*Note 15*)	**6.426.991**	**–**	**6.426.991**	**–**

In thousands of tenge	31 December 2023	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable (*Note 16*)	156.799.577	–	156.799.577	–
Borrowings (*Note 15*)	6.735.812	–	6.735.812	–

For the years ended 30 June 2024 and 31 December 2023, there were no transitions between Level 1, 2, and 3 of the fair value of financial instruments.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments

As at 30 June 2024 and 31 December 2023 the management assessed that the fair value of financial instruments of the Group, such as trade accounts receivable and payable, other financial assets, cash and cash equivalents, cash restricted in use, approximates their carrying amounts largely due to the short-term maturities of these instruments. Borrowings and bonds payable are stated at amortized costs which approximate their fair values.

Change in liabilities arising from financing activities

In thousands of tenge	**1 January 2024**	**Cash flows**	**Accured interest**	**Paid interest and commis-sions**	**Foreign exchange movement**	**Other**	**30 June 2024**
Borrowings	**6.735.812**	**(514.394)**	**225.777**	**(219.564)**	**223.707**	**(24.347)**	**6.426.991**
Bond payable	**156.799.577**	**–**	**11.019.416**	**(13.756.263)**	**–**	**63.707**	**154.126.437**
Total	**163.535.389**	**(514.394)**	**11.245.193**	**(13.975.827)**	**223.707**	**39.360**	**160.553.428**

In thousands of tenge	1 January 2023	Cash flows	Accured interest	Paid interest and commis-sions	Foreign exchange movement	Other	30 June 2023
Borrowings	16.898.657	(4.835.136)	345.067	(414.283)	(193.700)	6.795	11.807.400
Bond payable	139.453.044	16.867.599	10.178.988	(9.002.500)	–	44.358	157.541.489
Total	156.351.701	12.032.463	10.524.055	(9.416.783)	(193.700)	51.153	169.348.889

The Other column shows the amortization of discount and premium on financial liabilities. The Group classifies the interest paid as cash flows from operating activities.

28. 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.

28. COMMITMENTS AND CONTINGENCIES

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 IFRS approach regarding revenue, expenses and other accounts of financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan’s tax laws are severe. As a result, the amount of additional taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 30 June 2024.

Management believes that as at 30 June 2024, the interpretation of applicable legislation is appropriate and the Group's tax position will be sustained.

Terms of loan agreements

As disclosed in *Note 16*, the Group issued bonds and must comply with following semi-annually calculated covenants:

- Total debt to EBITDA of not more than 3:1 (as at 30 June 2024 – 1,29);
- Total debt to equity of not more than 0,6:1 (as at 30 June 2024 – 0,23);
- Self-financing ratio of at least 20% (as at 30 June 2024 – 124%);
- Debt service ratio of at least 1,2 (as at 30 June 2024 – 22,6);
- Liquidity of at least 1:1 (as at 30 June 2024 – 4,3);
- The ratio of net debt to EBITDA is no more than 4:1 (as at 30 June 2024 – 0,5).

The management of the Group believes that it complied with the covenants of the issued bonds.

Insurance

As at 30 June 2024, the Group insured production assets with a cost 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 insure its other 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 interim consolidated financial statements for unexpected expenses associated with damage or loss of such assets.

Contractual commitments

To ensure the reliability of the national electricity grid through the reconstruction of 220-500 kV transmission lines that have already reached and will reach their standard useful life in coming years and to improve the reliability of electricity supply of consumers in the Western zone of UES of Kazakhstan, as well as to maintain production assets in working condition, the Group has developed capital investment plan.

Five year (2021-2026) investment program of KEGOC JSC for a total amount of 274.760.648 thousand tenge approved by the joint order №122 of the sectoral state body dated 7 April 2021 and the department of the authorized body №21-OD dated 11 March 2021 in accordance with legislation on natural monopolies of the Republic of Kazakhstan 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 program of KEGOC JSC was adjusted by a joint order of the Ministry of Energy of the Republic of Kazakhstan dated 30 November 2023 №431 and the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated 15 December 2023 №157-OD.

As at 30 June 2024, capital commitments under the contracts entered by the Group under the investment plan amounted to 130.604.321 thousand tenge (31 December 2023: 95.751.033 thousand tenge).

28. COMMITMENTS AND CONTINGENCIES (continued)

Litigation

In the ordinary course of business, the Group may be subject to legal claims or proceedings. In the opinion of management, there are currently no pending legal proceedings or claims that could have a material effect on the results of operations or financial position of the Group, except for the legal proceedings disclosed in the paragraph *"Activity Regulations"*.

Activity regulation

Tariffs for the transmission of electric energy, use of the national electrical grid, technical dispatching of supply to the network and consumption of electric energy, organization of balancing the production and consumption of electric energy

In accordance with order №79-OD of the Committee for the Regulation of Natural monopolies of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – CRNM) dated 16 August 2021, the following tariffs were approved:

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

By the order of the Committee for Regulation of Natural Monopolies of the Republic of Kazakhstan №67-OD dated 22 April 2022, temporary compensatory tariffs for regulated services of KEGOC JSC were approved and in effect from 1 June 2022 to 31 May 2023. If temporary compensatory tariffs were applied, the Group's income for the period of validity of the compensatory tariffs would have decreased by 12.670.120 thousand tenge. Temporary compensatory tariffs represent reduced tariffs for regulated services due to the fact that the Group, in the opinion of CRNM RK, overstated tariffs for consumers of services in 2017-2018.

KEGOC JSC does not agree with the above mentioned order due to the fact that, in accordance with the Law of the Republic of Kazakhstan on natural monopolies, the savings accumulated on the cost items of the tariffs estimates in 2017 and 2018 were directed to the implementation of the Investment Program. Thus, KEGOC JSC did not inflict any losses for consumers and did not receive unjustified income. In this connection, the Order № 67-OD dated 22 April 2022 is being challenged by KEGOC JSC in court.

During the consideration of the court case, the effect of this Order is suspended.

The Group's management assesses the Group's chances of a positive court decision as high. In the event of a court decision in favor of CRNM, the Group's management believes that the Group will have to apply temporary compensatory tariffs from the date of entry into force of the court decision during the subsequent 12-month period. In such a case, the Group will account for this reimbursement of tariff differences in the corresponding future consolidated financial statements in accordance with IFRS 14 "Regulatory Deferral Accounts".

Thus, according to the assessment of the Group's Management, as of June 30, 2024, the Group has no obligations related to the litigation with CRNM.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. COMMITMENTS AND CONTINGENCIES (continued)

Activity regulation (continued)

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

By CRNM's Order №133-OD dated 22 September 2023 changes in tariffs and tariff estimates were approved and in effect from 1 July 2023 for regulated services for the transmission of electrical energy through the national electrical grid, for the use of the national electrical grid, for technical dispatching of supply to the network and consumption of electric energy, and organization of balancing the production and consumption of electric energy:

1) Transmission of electric energy by national electric grid in the amount of:
   - from 1 July 2023 to 30 September 2023 – 2.935 tenge/kWh (excluding VAT);
   - from 1 October 2023 to 30 September 2024 – 3.381 tenge/kWh (excluding VAT);
   - from 1 October 2024 to 30 September 2025 – 3.492 tenge/kWh (excluding VAT);
   - from 1 October 2025 to 30 September 2026 – 3.564 tenge/kWh (excluding VAT).
2) Use of the national electrical grid in the amount of:
   - from 1 July 2023 to 30 September 2023 – 1.651 tenge/kWh (excluding VAT);
   - from 1 October 2023 to 30 September 2024 – 1.943 tenge/kWh (excluding VAT);
   - from 1 October 2024 to 30 September 2025 – 2.002 tenge/kWh (excluding VAT);
   - from 1 October 2025 to 30 September 2026 – 2.056 tenge/kWh (excluding VAT).
3) Technical dispatching of supply to the network and consumption of electric energy in the amount of:
   - from 1 July 2023 to 30 September 2023 – 0.320 tenge/kWh (excluding VAT);
   - from 1 October 2023 to 30 September 2024 – 0.339 tenge/kWh (excluding VAT);
   - from 1 October 2024 to 30 September 2025 – 0.351 tenge/kWh (excluding VAT);
   - from 1 October 2025 to 30 September 2026 – 0.356 tenge/kWh (excluding VAT).
4) Organization of balancing the production and consumption of electric energy in the amount of:
   - from 1 July 2023 to 30 September 2023 – 0.057 tenge/kWh (excluding VAT);
   - from 1 October 2023 to 30 September 2024 – 0.060 tenge/kWh (excluding VAT);
   - from 1 October 2024 to 30 September 2025 – 0.064 tenge/kWh (excluding VAT);
   - from 1 October 2025 to 30 September 2026 – 0.066 tenge/kWh (excluding VAT).

CRNM's Order №25-OD dated 9 February 2024 approved changes in tariffs and tariff estimates for regulated services for the transmission of electrical energy through the national electrical grid and for the use of the national electrical grid of KEGOC JSC with entry into force on 1 March 2024:

1) Transmission of electrical energy through the national electrical grid for the period from 1 March 2024 to 30 September 2024 in the amount of 3.474 tenge/kWh (excluding VAT);

2) Use of the national electrical grid for the period from 1 March 2024 to 30 September 2024 in the amount of 1.996 tenge/kWh (excluding VAT).

29. SUBSEQUENT EVENTS

On 19 July 2024, a loan agreement was signed between the Group and the Asian Development Bank (hereinafter referred to as the "ADB") for the purpose of financing the project "Strengthening the Power Grid of the Southern Zone of UES of Kazakhstan. Construction of electric grid facilities", which includes:

1) construction of two new overhead transmission lines of 500 kV between the Shu-Zhambyl (300 km long) and the Zhambyl-Shymkent (175 km long) substations;
2) expansion and modernization of 500 kV substations Shu and Zhambyl;
3) modernization of the 500 kV Shymkent substation.

In accordance with the terms of the loan agreement, the loan amount is 58.200.000 thousand tenge and consists of two tranches: 39.400.000 thousand tenge and 18.800.000 thousand tenge. The final repayment date for the first tranche is October 2037, for the second tranche - April 2039, respectively. Interest on the loan will accrue at the rate of TONIA plus a fixed margin of 3.00% and will be repaid twice a year.