

**Kazakhstan Electricity Grid Operating Company JSC**  
**Grid Operating Company (KEGOC)**

Unaudited interim condensed  
consolidated financial statements  
*For the period ended on 31 March 2023*

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## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As on 31 March 2023

| <i>In thousands tenge</i>                   | <b>Note</b> | <b>31 March<br/>2023<br/>(unaudited)</b> | <b>31 December<br/>2022<br/>(audited)</b> |
|---------------------------------------------|-------------|------------------------------------------|-------------------------------------------|
| <b>Assets</b>                               |             |                                          |                                           |
| <b>Non-current assets</b>                   |             |                                          |                                           |
| Property, plant and equipment               | 6           | 852,500,978                              | 859,129,917                               |
| Intangible assets                           |             | 3,259,857                                | 3,453,791                                 |
| Advances paid for non-current assets        | 6           | 8,675,003                                | 6,118,449                                 |
| Investments in associates                   | 7           | 2,681,652                                | 2,747,455                                 |
| Long-term receivables from related parties  | 26          | 482,599                                  | 514,613                                   |
| Other financial assets, non-current portion | 11          | 1,918,545                                | 1,968,564                                 |
|                                             |             | <b>869,518,634</b>                       | <b>873,932,789</b>                        |
| <b>Current assets</b>                       |             |                                          |                                           |
| Inventory                                   | 8           | 4,657,147                                | 3,207,155                                 |
| Trade accounts receivable                   | 9           | 23,897,576                               | 21,047,390                                |
| VAT recoverable and other taxes prepaid     |             | 849,517                                  | 871,258                                   |
| Corporate income tax prepaid                |             | 125,461                                  | 128,400                                   |
| Other current assets                        | 10          | 2,412,694                                | 1,649,971                                 |
| Other financial assets, current portion     | 11          | 37,771,630                               | 57,196,672                                |
| Restricted cash                             | 12          | 2,047,786                                | 1,015,462                                 |
| Cash and cash equivalents                   | 13          | 47,251,284                               | 27,563,092                                |
|                                             |             | <b>119,013,095</b>                       | <b>112,679,400</b>                        |
| <b>Total assets</b>                         |             | <b>988,531,729</b>                       | <b>986,612,189</b>                        |

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

| <i>In thousands of tenge</i>                       | <b>Note</b> | <b>31 March<br/>2023<br/>(unaudited)</b> | <b>31 December<br/>2022<br/>(audited)</b> |
|----------------------------------------------------|-------------|------------------------------------------|-------------------------------------------|
| <b>Equity and liabilities</b>                      |             |                                          |                                           |
| <b>Equity</b>                                      |             |                                          |                                           |
| Equity                                             | 14          | 126,799,554                              | 126,799,554                               |
| Treasury shares                                    | 14          | (930)                                    | (930)                                     |
| Asset revaluation reserve                          | 14          | 489,288,505                              | 489,297,133                               |
| Retained earnings                                  |             | 50,950,470                               | 37,469,407                                |
|                                                    |             | <b>667,037,599</b>                       | <b>653,565,164</b>                        |
| <b>Non-current liabilities</b>                     |             |                                          |                                           |
| Loans, non-current portion                         | 15          | 10,593,950                               | 11,367,844                                |
| Bonds, non-current portion                         | 16          | 149,425,658                              | 133,394,155                               |
| Deferred tax liabilities                           | 25          | 122,542,874                              | 123,971,284                               |
| Non-current accounts payable                       | 17          | 2,163,124                                | 4,146,691                                 |
| Deferred income, non-current portion               |             | 662,828                                  | 676,138                                   |
| Other non-current liabilities                      |             | —                                        | 13,522                                    |
|                                                    |             | <b>285,388,434</b>                       | <b>273,569,634</b>                        |
| <b>Current liabilities</b>                         |             |                                          |                                           |
| Loans, current portion                             | 15          | 1,041,314                                | 5,530,813                                 |
| Bonds, current portion                             | 16          | 11,468,456                               | 6,058,889                                 |
| Trade and other accounts payable                   | 17          | 12,113,285                               | 21,713,025                                |
| Dividends payable                                  | 14          | —                                        | 17,014,309                                |
| Contract obligations                               |             | 1,329,833                                | 1,669,590                                 |
| Deferred income, current portion                   |             | 53,243                                   | 53,243                                    |
| Taxes payable other than corporate income tax      | 18          | 2,571,972                                | 1,933,096                                 |
| Corporate income tax payable                       |             | 935,466                                  | 267,335                                   |
| Other current liabilities                          | 19          | 6,592,127                                | 5,237,091                                 |
|                                                    |             | <b>36,105,696</b>                        | <b>59,477,391</b>                         |
| <b>Total liabilities</b>                           |             | <b>321,494,130</b>                       | <b>333,047,025</b>                        |
| <b>Total equity and liabilities</b>                |             | <b>988,531,729</b>                       | <b>986,612,189</b>                        |
| <b>Book value of one ordinary share (in tenge)</b> | 14          | <b>2,553</b>                             | <b>2,500</b>                              |

*The accounting policies and explanatory notes on pages 7 to 47 are an integral part of these interim consolidated financial statements.*

Chairman of the Management Board of the Company  
*Kanysh Moldabayev*

Chief accountant  
*Dinara Mukanova*



## INTERIM CONSOLIDATED STATEMENT OF JOINT INCOME

For the three months ended on 31 March 2023

| <i>In thousands of tenge</i>                                                                                     | Note              | For the three months ended      |                                 |
|------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------|---------------------------------|
|                                                                                                                  |                   | 31 March<br>2023<br>(unaudited) | 31 March<br>2022<br>(unaudited) |
| Revenue from contracts with customers                                                                            | 20                | 60,603,649                      | 54,820,479                      |
| Cost of services                                                                                                 | 21                | (41,912,589)                    | (41,056,454)                    |
| <b>Gross profit</b>                                                                                              |                   | <b>18,691,060</b>               | <b>13,764,025</b>               |
| G&A                                                                                                              | 22                | (2,461,694)                     | (1,904,913)                     |
| Selling expenses                                                                                                 |                   | (110,686)                       | (62,893)                        |
| Gain on reversal of impairment                                                                                   |                   | 41                              | 87,243                          |
| <b>Operating profit</b>                                                                                          |                   | <b>16,118,721</b>               | <b>11,883,462</b>               |
| Finance income                                                                                                   | 23                | 1,788,310                       | 1,101,030                       |
| Finance costs                                                                                                    | 23                | (3,214,145)                     | (2,848,462)                     |
| Foreign exchange loss/gain, net                                                                                  | 24                | 380,296                         | (653,821)                       |
| Share of profit/(loss) of associate                                                                              | 7                 | (65,803)                        | 41,537                          |
| Other income                                                                                                     |                   | 1,907,340                       | 967,578                         |
| Other expenses                                                                                                   |                   | (151,659)                       | (102,485)                       |
| (Accrual)/reversal of provision for expected credit losses                                                       | 9,10,11,<br>12,13 | (53,706)                        | 8,616                           |
| <b>Profit before tax</b>                                                                                         |                   | <b>16,709,354</b>               | <b>10,397,455</b>               |
| Corporate income tax expense                                                                                     | 25                | (3,236,919)                     | (1,872,978)                     |
| <b>Profit for the period</b>                                                                                     |                   | <b>13,472,435</b>               | <b>8,524,477</b>                |
| <b>Earnings per share</b>                                                                                        |                   |                                 |                                 |
| Basic and diluted profit for the period attributable to ordinary equity holders of the parent company (in tenge) | 14                | 51.82                           | 32.79                           |

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Chairman of the Management Board of the Company  
Kanysh Moldabayev

Chief accountant  
Dinara Mukanova



## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended on 31 March 2023

| <i>In thousands of tenge</i>                                                                                          | For the three months ended      |                                 |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
|                                                                                                                       | 31 March<br>2023<br>(unaudited) | 31 March<br>2022<br>(unaudited) |
| <b>I. CASH FLOWS FROM OPERATIONS</b>                                                                                  |                                 |                                 |
| <b>1. Cash inflow, total</b>                                                                                          | <b>65,172,039</b>               | <b>53,327,278</b>               |
| including:                                                                                                            |                                 |                                 |
| sales of goods and services                                                                                           | 61,476,331                      | 51,956,206                      |
| other revenue                                                                                                         | 1,781,656                       | 372,541                         |
| advances received from buyers, customers                                                                              | 601,167                         | 589,507                         |
| insurance contract receipts                                                                                           | —                               | —                               |
| interest received                                                                                                     | 951,407                         | 301,314                         |
| other receipts                                                                                                        | 361,478                         | 107,710                         |
| <b>2. Cash outflows, total</b>                                                                                        | <b>43,747,308</b>               | <b>34,583,038</b>               |
| including:                                                                                                            |                                 |                                 |
| Payments to suppliers for goods and services                                                                          | 24,125,332                      | 18,432,436                      |
| advances to suppliers for goods and services                                                                          | 471,425                         | 1,195,495                       |
| payroll expenses                                                                                                      | 5,153,903                       | 3,834,715                       |
| interest paid                                                                                                         | 423,027                         | 330,817                         |
| insurance contract payments                                                                                           | —                               | —                               |
| income tax and other payments to the national budget                                                                  | 10,983,617                      | 9,409,223                       |
| Other payments                                                                                                        | 2,590,004                       | 1,380,352                       |
| <b>3. Net cash flow from operations</b>                                                                               | <b>21,424,731</b>               | <b>18,744,240</b>               |
| <b>II. CASH FLOWS FROM INVESTMENTS</b>                                                                                |                                 |                                 |
| <b>1. Cash inflow, total</b>                                                                                          | <b>20,275,968</b>               | <b>26,166,889</b>               |
| including:                                                                                                            |                                 |                                 |
| sale of property, plant and equipment                                                                                 | 49,124                          | 1,140,145                       |
| sale of intangible assets                                                                                             | —                               | —                               |
| sale of other long-term assets                                                                                        | —                               | —                               |
| sale of equity instruments of other organizations ( other than subsidiaries) and share of ownership in joint ventures | —                               | —                               |
| sale of debt instruments of other organizations                                                                       | 19,207,145                      | 5,000,000                       |
| compensation for loss of control over subsidiaries                                                                    | —                               | —                               |
| withdrawal of cash deposits                                                                                           | 982,906                         | 19,909,761                      |
| sale of other financial assets                                                                                        | —                               | —                               |
| futures and forward contracts, options and swaps                                                                      | —                               | —                               |
| dividends received                                                                                                    | —                               | —                               |
| interest received                                                                                                     | —                               | —                               |
| other receipts                                                                                                        | 36,793                          | 116,983                         |

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

|                                                                                                                           |                    |                    |
|---------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>2. Cash outflows, total</b>                                                                                            | <b>17,143,894</b>  | <b>34,588,222</b>  |
| including:                                                                                                                |                    |                    |
| purchase of property, plant and equipment                                                                                 | 16,762,893         | 19,823,357         |
| purchase of intangible assets                                                                                             | 378,561            | 17,675             |
| purchase of other long-term assets                                                                                        | —                  | —                  |
| purchase of equity instruments of other organizations ( other than subsidiaries) and share of ownership in joint ventures | —                  | —                  |
| purchase of debt instruments of other organizations                                                                       | —                  | —                  |
| purchase of control over subsidiaries                                                                                     | —                  | —                  |
| placement of cash deposits                                                                                                | 2,440              | 14,747,190         |
| purchase of other financial assets                                                                                        | —                  | —                  |
| lending                                                                                                                   | —                  | —                  |
| futures and forward contracts, options and swaps                                                                          | —                  | —                  |
| investments in associates and subsidiaries                                                                                | —                  | —                  |
| Other payments                                                                                                            | —                  | —                  |
| <b>3. Net cash flow from investments</b>                                                                                  | <b>3,132,074</b>   | <b>(8,421,333)</b> |
| <b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                          |                    |                    |
| <b>1. Cash inflow, total</b>                                                                                              | <b>16,867,599</b>  | <b>—</b>           |
| including:                                                                                                                |                    |                    |
| issue of shares and other financial instruments                                                                           | 16,867,599         | —                  |
| loans received                                                                                                            | —                  | —                  |
| interest received                                                                                                         | —                  | —                  |
| other receipts                                                                                                            | —                  | —                  |
| <b>2. Cash outflows, total</b>                                                                                            | <b>21,849,445</b>  | <b>6,827,674</b>   |
| including:                                                                                                                |                    |                    |
| repayment of borrowings                                                                                                   | 4,835,136          | 6,715,779          |
| interest paid                                                                                                             | —                  | —                  |
| dividends paid                                                                                                            | 17,014,309         | —                  |
| payments to shareholders on shares of the organization                                                                    | —                  | —                  |
| other disposals                                                                                                           | —                  | 111,895            |
| <b>3. Net cash flow from financing activities</b>                                                                         | <b>(4,981,846)</b> | <b>(6,827,674)</b> |
| <b>IV. Tenge impact of FX rates</b>                                                                                       | <b>8,162</b>       | <b>(385,783)</b>   |
| <b>V. The impact of changes in the carrying amount of cash and cash equivalents</b>                                       | <b>105,071</b>     | <b>(32,342)</b>    |
| <b>VI. Increase +/- decrease in cash</b>                                                                                  | <b>19,688,192</b>  | <b>3,077,108</b>   |
| <b>VII. Cash and cash equivalents as of the beginning of the reporting period</b>                                         | <b>27,563,092</b>  | <b>11,933,828</b>  |
| <b>VIII. Cash and cash equivalents as of the end of the reporting period</b>                                              | <b>47,251,284</b>  | <b>15,010,936</b>  |

*The accounting policies and explanatory notes on pages 7 to 47 are an integral part of these interim consolidated financial statements.*

Chairman of the Management Board of the Company  
Kanysh Moldabayev

Chief accountant  
Dinara Mukanova



## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended on 31 March 2023

| <i>In thousands tenge</i>                           | Charter<br>capital | Treasury<br>shares | Asset<br>revaluation<br>reserve | Retained<br>earnings<br>profit | Total       |
|-----------------------------------------------------|--------------------|--------------------|---------------------------------|--------------------------------|-------------|
| <b>As on 1 January 2022</b>                         | 126,799,554        | (930)              | 569,845,780                     | 40,492,413                     | 737,136,817 |
| Profit for the period                               | –                  | –                  | –                               | 8,524,477                      | 8,524,477   |
| <b>Total comprehensive income</b>                   | –                  | –                  | –                               | 8,524,477                      | 8,524,477   |
| Transfer of assets revaluation surplus<br>(Note 14) | –                  | –                  | (4,735)                         | 4,735                          | –           |
| <b>As on 31 March 2022</b>                          | 126,799,554        | (930)              | 569,841,045                     | 49,021,625                     | 745,661,294 |
| <b>As on 1 January 2023</b>                         | 126,799,554        | (930)              | 489,297,133                     | 37,469,407                     | 653,565,164 |
| Profit for the period                               | –                  | –                  | –                               | 13,472,435                     | 13,472,435  |
| <b>Total comprehensive income</b>                   | –                  | –                  | –                               | 13,472,435                     | 13,472,435  |
| Transfer of assets revaluation surplus<br>(Note 14) | –                  | –                  | (8,628)                         | 8,628                          | –           |
| <b>As on 31 March 2023</b>                          | 126,799,554        | (930)              | 489,288,505                     | 50,950,470                     | 667,037,599 |

*The accounting policies and explanatory notes on pages 7 to 47 are an integral part of these interim consolidated financial statements.*

Chairman of the Management Board of the Company  
*Kanysh Moldabayev*

Chief accountant  
*Dinara Mukanova*



## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the three months ended on 31 March 2023**

### **1. GENERAL INFORMATION**

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

As at 31 December 2022, the Company’s major shareholder is Sovereign Wealth Fund “Samruk-Kazyna” JSC (“Samruk-Kazyna”) (90 percent plus one share). Samruk-Kazyna is controlled by the Government of the Republic of Kazakhstan.

In 2014, the Company placed 10 percent minus one share on the Kazakhstan Stock Exchange.

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

As on 31 March 2023 and 31 December 2022, the Company owned the following subsidiary:

| <b>Company</b>   | <b>Activity</b>                      | <b>Ownership share</b>   |                                 |
|------------------|--------------------------------------|--------------------------|---------------------------------|
|                  |                                      | <b>31 March<br/>2023</b> | <b>31<br/>December<br/>2022</b> |
| Energoinform JSC | Maintenance of the KEGOC’s IT system | <b>100%</b>              | 100%                            |

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

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

The accompanying interim condensed consolidated financial statements of the Group were approved by the Chairman of the Management Board and the Chief Accountant on 3 May 2023.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 2. BASIS OF PREPARATION

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022. The interim condensed consolidated financial statements are presented in Kazakhstan Tenge (“Tenge” or “KZT”) and all values are rounded to the nearest thousands, except when otherwise indicated.

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

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that provide it the current ability to manage the relevant activities of the investee);
- exposure, or rights, to variable income from its involvement with the investee;
- ability of the Group to use its power to influence the amount of income.

As a rule, it is assumed that most voting rights determine the existence of control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control of a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity and recognizes the resulting gain or loss in profit or loss. The remaining investments are recognized at fair value.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **New standards, interpretations and amendments, first applied by the Group**

The accounting policy adopted in the preparation of the consolidated financial statements are in line with the policy applied in preparing the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the new standards adopted that came into force on January 1, 2023. The Group has not early adopted any standards, clarifications or amendments that have been issued but are not yet effective.

The Group adopted the following new and revised standards during the reporting year, which became effective on 1 January 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Covid-19-Related Rent Concessions - Amendments to IAS 16 effective after 30 June 2021
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

#### *Covid-19-Related Rent Concessions - Amendments to IAS 16 effective after 30 June 2021*

In May 2021, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. These amendments had no impact on the consolidated financial statements of the Group.

#### *Amendments to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9 Financial Instruments. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. This amendment had no impact on the consolidated financial statements of the Group.

Management believes that the Amendments to IFRS 3, IAS 37 and IFRS 1 are not relevant to the Group's consolidated financial statements.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### New and revised IFRSs - issued but not yet in force

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

- IFRS 17 Insurance Contracts
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current
- Amendments to IAS 8, Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 on the Application of IFRS – Disclosure of Accounting Policies
- Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

#### *Amendments to IAS 1, Classification of Liabilities as Current or Non-current*

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

#### *Amendments to IAS 8, definition of accounting estimates*

In February 2021, the IASB issued amendments to IAS 8 introducing the definition of "accounting estimates". The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and the correction of errors. It also explains how organizations use measurement methods and inputs to develop accounting estimates.

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Early application is permitted provided this fact is disclosed. The amendments are not expected to have a material impact on the Group's consolidated financial statement.

#### *Amendments to IAS 1 and IFRS Practice Statement 2 on the Application of IFRS – Disclosure of Accounting Policies*

In February 2021, the IASB issued amendments to IAS 1 and Practice Statement 2 on Making Materiality Judgments, which provide guidance and examples to help entities apply materiality judgments when disclosing accounting policies. The amendments should help entities disclose more useful information about accounting policies by replacing the requirement for entities to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies, and by adding guidance on how entities should apply the concept materiality in making decisions on disclosure of information about accounting policies.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **New and revised IFRSs - issued but not yet in force**

*Amendments to IAS 1 and IFRS Practice Statement 2 on the Application of IFRS – Disclosure of Accounting Policies (continued)*

The amendments to IAS 1 apply for annual periods beginning on or after 1 January 2023, with early application possible. Since the amendments to Practice Statement 2 on the Application of IFRSs provide non-mandatory guidance on the application of the definition of materiality to accounting policy information, it is not required to indicate the effective date of the amendments.

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

In May 2021, the Board issued amendments to IAS 12 that narrow the scope of the initial recognition exemption for deferred taxes on initial recognition of assets and liabilities under IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments must be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided there is sufficient taxable income) and a deferred tax liability must also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023. The Group is currently assessing the potential impact of the amendments.

Management believes that IFRS 17 "Insurance contracts" is not applicable to the Group's consolidated financial statements.

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

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

An asset is current when it is:

- expected to be realized or intended to sold or consumed in normal operating cycle;
- intended for the purpose of trading;
- expected to be realized within 12 (twelve) months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 (twelve) months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period.

The Group classifies all other liabilities as non-current.

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fair value measurement

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

Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Fair value measurement (Continued)**

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **Foreign currency transactions**

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

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

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

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

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

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

|                                                                  | <b>31 March<br/>2023</b>       | <b>31 December<br/>2022</b>    |
|------------------------------------------------------------------|--------------------------------|--------------------------------|
| <i>Exchange rate as at the end of the period (to Tenge)</i>      |                                |                                |
| 1 USD                                                            | <b>451.71</b>                  | 462.65                         |
| 1 EUR                                                            | <b>491.64</b>                  | 492.86                         |
| 1 RUB                                                            | <b>5.86</b>                    | 6.43                           |
|                                                                  | <b>3 months<br/>2023 years</b> | <b>3 months<br/>2022 years</b> |
| <i>Average exchange rate for the reporting period (to Tenge)</i> |                                |                                |
| 1 USD                                                            | <b>454.93</b>                  | 455.11                         |
| 1 EUR                                                            | <b>488.18</b>                  | 510.79                         |
| 1 RUB                                                            | <b>6.27</b>                    | 5.77                           |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### PPE

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

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

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

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

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

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

Land is not depreciated.

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

If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These estimates may have a material impact on the amounts of the carrying amount of property, plant and equipment and on depreciation expenses recognized in the consolidated statement of comprehensive income.

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Intangible assets

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

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

#### Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount is recoverable principally through their sale rather than through continued use. Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell. Selling costs are incremental costs that are directly attributable to the disposal of the asset (or disposal group) and do not include finance costs or income tax expense.

The criterion for classifying an item as held for sale is only met if the sale is highly probable and the asset or disposal group can be sold immediately in its current condition. The actions required to complete the sale should indicate that there is little likelihood of significant changes in the sale activity, as well as the cancellation of the sale. Management must assume responsibility for the plan to sell the asset and the sale must be expected to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the interim statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

#### Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required. The Group estimates the asset's recoverable amount. The recoverable amount of an asset or cash generating unit (CGU) is the higher of the fair value of the asset (CGU), less costs to sell, and the value in use of the asset (CGU). Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on value in use, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 5 (five) years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of non-financial assets (continued)

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

#### Investments in associates

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

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

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

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

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

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

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments –initial recognition and subsequent measurement

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

#### *Financial assets*

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in *Revenue Recognition* section.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

##### *Subsequent measurement*

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

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments - initial recognition and subsequent measurement (continued)

##### *Financial assets (continued)*

##### *Financial assets at amortized cost (debt instruments)*

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

##### *Financial assets at fair value through profit or loss*

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

##### *Derecognition*

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### *Recognition of expected credit loss*

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

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

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments - initial recognition and subsequent measurement (continued)

##### *Financial assets (continued)*

##### *Recognition of expected credit loss (Continued)*

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

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

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

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

##### *Financial liabilities*

##### *Initial recognition and measurement*

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

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

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments - initial recognition and subsequent measurement (continued)

##### *Financial liabilities (continued)*

##### *Subsequent measurement*

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

##### Borrowings and bonds- issued

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the interim consolidated statement of comprehensive income.

##### Trade and other accounts payable

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

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

#### **Offsetting of financial instruments**

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

#### **Inventory**

Inventories are accounted for on a FIFO basis.

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **Cash and cash equivalents**

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

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

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Restricted cash**

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

#### **Reserves**

Reserves are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursement.

#### **Revenue recognition**

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

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

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

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

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

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

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Trade accounts receivable

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section *Financial instruments – initial recognition and subsequent measurement*.

#### Contract obligations

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### Interest income

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

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

#### Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *The Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Lease (continued)

##### *Group as lessee (continued)*

##### *i) Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter periods: the lease term or the estimated useful lives of the assets.

The Group has determined the following useful lives:

- Software – 5 year

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section.

##### *i) Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### *ii) Short-term leases and leases of low-value assets*

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Pension obligations

In accordance with the legislation of the Republic of Kazakhstan, the Group deducted 10% of employees' salaries, but no more than KZT 350,000 per month (2022: KZT 300,000) to accumulative pension funds. Pension fund payments are withheld from employees' salaries and included with payroll expenses in the consolidated statement of comprehensive income when they are incurred. The Group has no other retirement benefit obligations.

#### Current corporate income tax

Current corporate income tax assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current corporate income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is estimated that it is unlikely that sufficient taxable profit will be achieved to enable the use of all or part of the deferred tax assets.

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Deferred tax (continued)**

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

#### **Dividends**

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

#### **Contingent liabilities and contingent assets**

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

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

### **4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures, and the disclosure of contingent liabilities and assets. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS(Continued)

#### Revaluation of property, plant and equipment

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

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

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

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

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

The decrease in the fair value of NPG' assets, based on valuation results, is mainly due to a decline in metal prices of about 15% compared to last year.

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

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

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS(Continued)

#### Taxes

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

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

#### Fair values of financial instruments

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

#### *DSFK Bonds*

On 28 December 2017, in accordance with the Decree of the Government of the Republic of Kazakhstan dated 7 November 2017, the Group acquired bonds of Special Financial Company DSFK LLP ("DSFK bonds") using the funds placed with RBK Bank JSC ("RBK Bank"). The nominal value of deposits placed with RBK Bank before the transaction was KZT 1,498,249 thousand. 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 KZT 411,883 thousand. The guarantee is exercisable upon request of the Group not earlier than the fifth anniversary after the inception of the bonds.

Management of the Group believes that as at 31 March 2023 DSFK bonds are non-recoverable. Accordingly, management of the Group believes that fair value of DSFK bonds is limited to their recoverable amount that is equal to the fair value of the guarantee. The Group does not hold the bonds for all contractual cash flows, so as at 31 March 2023, the bonds were classified as financial instruments at fair value through profit or loss. As at 31 March 2023, the Group revalued the fair value of the bonds at a discount rate of 18.9%, which represents the market discount rate as at 31 March 2023.

#### Estimated allowance for expected credit losses on receivables

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

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS(Continued)

#### Estimated allowance for expected credit losses on receivables (continued)

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

### 5. OPERATING SEGMENTS INFORMATION

#### Geographic information

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

|                                                                                 | For three-month period ended |                   |
|---------------------------------------------------------------------------------|------------------------------|-------------------|
|                                                                                 | 31 March<br>2023             | 31 March<br>2022  |
| <i>In thousands tenge</i>                                                       |                              |                   |
| Revenue from Kazakhstan customers                                               | 57,320,950                   | 48,758,680        |
| Revenue from Russian customers                                                  | 3,127,610                    | 5,823,748         |
| Revenue from Uzbekistan customers                                               | 155,089                      | 238,051           |
| Revenue from Kyrgys customers                                                   | –                            | –                 |
| <b>Total revenue per interim consolidated statement of comprehensive income</b> | <b>60,603,649</b>            | <b>54,820,548</b> |

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

For 3 months ended 31 March 2023 the revenue from one Group's consumer, Samruk-Energo Group, including its joint-ventures, amounted to 6,409,444 thousand tenge and includes revenue from electricity transmission and the provision of related support (for three months ended 31 March 2023: 6,514,660 thousand tenge).

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

During the three months ended 31 March 2023 the Group acquired assets with a total initial value of KZT 5,913,416 thousand (for the three months ended 31 March 2022: 4,690,417 thousand tenge). Acquisitions were mainly represented by capital expenditures under projects "West West Kazakhstan Electricity Transmission Reinforcement Project. Construction of power grid facilities" and "Rehabilitation of 220-500 kV OHTL in Aktyubinskiye MES branch, Sarbaiskiye MES branch and Zapadnye MES branch of KEGOC. Stage 1".

Depreciation accrued for the three months ended on 31 March 2023 amounted to KZT 12,722,283 thousand (for the three months ended 31 March 2022: 16,012,381 thousand tenge).

#### Capitalized costs on issued bonds

During the period ended 31 March 2023 the Group capitalised interest costs on coupon payments on bonds issued less investment income in the amount of 1,595,057 thousand tenge (three months ended 31 March 2022: 718,505 thousand tenge) (Note 16).

#### Construction in progress

Construction in progress is mainly represented by equipment and construction and installation works for implementation of "West West Kazakhstan Electricity Transmission Reinforcement Project. Construction of power grid facilities" and "Rehabilitation of 220-500 kV OHTL in Aktyubinskiye MES branch, Sarbaiskiye MES branch and Zapadnye MES branch of KEGOC. Stage 1" with the planned date of commissioning in Q4 2023.

#### Advances paid for non-current assets

As at 31 March 2023, advances paid for non-current assets mainly represent advances paid to suppliers for construction works and services for "West Kazakhstan Electricity Transmission Reinforcement Project. Construction of Power Grid Facilities" and other projects.

### 7. INVESTMENTS IN ASSOCIATES

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

| <i>In thousands tenge</i> | <b>31 March<br/>2023</b> | <b>31 December<br/>2022</b> |
|---------------------------|--------------------------|-----------------------------|
| Current assets            | <b>22,396,591</b>        | 20,914,108                  |
| Non-current assets        | <b>16,737,845</b>        | 16,890,064                  |
| Current liabilities       | <b>(5,246,078)</b>       | (4,078,403)                 |
| Non-current liabilities   | <b>(20,480,099)</b>      | (19,988,494)                |
| <b>Net assets</b>         | <b>13,408,259</b>        | 13,737,275                  |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7. INVESTMENT IN AN ASSOCIATE (CONTINUED)

| <i>In thousands tenge</i>                 | 31 March<br>2023 | 31 December<br>2022 |
|-------------------------------------------|------------------|---------------------|
| Group's share in net assets               | 2,681,652        | 2,747,455           |
| <b>Carrying amount of the investments</b> | <b>2,681,652</b> | <b>2,747,455</b>    |
| <i>In thousands of tenge</i>              | 31 March<br>2023 | 31 March<br>2022    |
| Income                                    | 3,572,273        | 2,366,968           |
| Net profit                                | (329,015)        | 207,685             |
| <b>Group's share in profit for a year</b> | <b>(65,803)</b>  | <b>41,537</b>       |

As at 31 March 2023 and 31 December 2022, the associate had no contingent liabilities or future capital expenditure commitments.

### 8. INVENTORIES

| <i>In thousands tenge</i>                | 31 March<br>2023 | 31 December<br>2022 |
|------------------------------------------|------------------|---------------------|
| Raw and other materials                  | 2,481,934        | 1,387,482           |
| Spare parts                              | 1,937,615        | 1,694,995           |
| Fuel and lubricants                      | 186,164          | 113,467             |
| Other inventories                        | 449,855          | 420,418             |
| Less: allowance for obsolete inventories | (398,421)        | (409,207)           |
|                                          | <b>4,657,147</b> | <b>3,207,155</b>    |

Movement in the allowance for obsolete inventories was as follows:

| <i>In thousands tenge</i>                | 2023           | 2022           |
|------------------------------------------|----------------|----------------|
| <b>As on 1 January</b>                   | <b>409,207</b> | <b>337,986</b> |
| Accrual                                  | 18,867         | 84,860         |
| Reversal of previously accrued provision | (29,653)       | (14,741)       |
| Write-off                                | —              | (5,578)        |
| <b>31 March</b>                          | <b>398,421</b> | <b>402,527</b> |

### 9. TRADE ACCOUNTS RECEIVABLE

| <i>In thousands tenge</i>                                 | 31 March<br>2023  | 31 December<br>2022 |
|-----------------------------------------------------------|-------------------|---------------------|
| Trade accounts receivable                                 | 26,594,123        | 23,661,039          |
| Less: provision for expected credit losses and impairment | (2,696,547)       | (2,613,649)         |
|                                                           | <b>23,897,576</b> | <b>21,047,390</b>   |

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

| <i>In thousands tenge</i>                | 2023             | 2022             |
|------------------------------------------|------------------|------------------|
| <b>As on 1 January</b>                   | <b>2,613,649</b> | <b>2,273,985</b> |
| Accrual                                  | 221,525          | 270,773          |
| Reversal of previously accrued provision | (138,627)        | (114,540)        |
| Write-off                                | —                | (123,006)        |
| <b>31 March</b>                          | <b>2,696,547</b> | <b>2,307,172</b> |

As at 31 March 2023 trade accounts receivable included accounts receivable from the customer, National Power Grid of Uzbekistan JSC, in the amount of KZT 1,590,534 thousand (31 December 2022: 1,797,097 thousand tenge).

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9. TRADE ACCOUNTS RECEIVABLE (continued)

As of 31 March 2023, the provision for expected credit losses on debt from National Power Grids of Uzbekistan JSC amounted to 1,573,157 thousand tenge (31 December 2022: 1,612,146 thousand tenge).

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

| <i>In thousands tenge</i>                        | Trade accounts receivable |                   |                |               |               |                |
|--------------------------------------------------|---------------------------|-------------------|----------------|---------------|---------------|----------------|
|                                                  | Total                     | Current           | 30-90 days     | Days past due |               |                |
|                                                  |                           |                   |                | 91-180 days   | 181-270 days  | Above 271 days |
| <b>31 March 2023</b>                             |                           |                   |                |               |               |                |
| Percentage of expected credit losses             | 10.14%                    | 0.67%             | 12.74%         | 47.34%        | 63.92%        | 99.60%         |
| Estimated total gross carrying amount at default | 26,594,123                | 23,105,748        | 1,018,264      | 66,176        | 37,349        | 2,366,586      |
| Expected credit losses                           | (2,696,547)               | (154,618)         | (129,701)      | (31,329)      | (23,875)      | (2,357,024)    |
|                                                  | <b>23,897,576</b>         | <b>22,951,130</b> | <b>888,563</b> | <b>34,847</b> | <b>13,474</b> | <b>9,562</b>   |
| <b>31 December 2022</b>                          |                           |                   |                |               |               |                |
| Percentage of expected credit losses             | 11.05%                    | 0.67%             | 15.04%         | 46.65%        | 78.78%        | 98.34%         |
| Estimated total gross carrying amount at default | 23,661,039                | 20,877,332        | 227,223        | 64,951        | 207,166       | 2,284,367      |
| Expected credit losses                           | (2,613,649)               | (139,479)         | (34,172)       | (30,302)      | (163,200)     | (2,246,496)    |
|                                                  | <b>21,047,390</b>         | <b>20,737,853</b> | <b>193,051</b> | <b>34,649</b> | <b>43,966</b> | <b>37,871</b>  |

Trade accounts receivable was denominated in the following currencies:

| <i>In thousands tenge</i> | 31 March 2023     | 31 December 2022  |
|---------------------------|-------------------|-------------------|
| Tenge                     | 22,915,146        | 20,862,439        |
| Russian rouble            | 965,053           | —                 |
| USD                       | 17,377            | 184,951           |
|                           | <b>23,897,576</b> | <b>21,047,390</b> |

### 10. OTHER CURRENT ASSETS

| <i>In thousands tenge</i>                                                                                       | 31 March 2023    | 31 December 2022 |
|-----------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Deferred expenses                                                                                               | 1,115,050        | 35,224           |
| Advances paid for goods and services                                                                            | 935,668          | 1,263,783        |
| Other receivables from related parties for property, plant and equipment and construction in progress (Note 27) | 399,974          | 399,974          |
| Loans issued to employees                                                                                       | 469              | 469              |
| Other                                                                                                           | 795,677          | 691,913          |
| Less: provision for expected credit losses and impairment                                                       | (834,144)        | (741,392)        |
|                                                                                                                 | <b>2,412,694</b> | <b>1,649,971</b> |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. OTHER CURRENT ASSETS (continued)

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

| <i>In thousands tenge</i>                | 2023           | 2022    |
|------------------------------------------|----------------|---------|
| <b>As on 1 January</b>                   | <b>741,392</b> | 485,933 |
| Accrual                                  | 108,468        | 32,946  |
| Reversal of previously accrued provision | (15,716)       | (7,443) |
| Write-off                                | –              | (7,166) |
| <b>31 March</b>                          | <b>834,144</b> | 504,270 |

### 11. OTHER FINANCIAL ASSETS

| <i>In thousands tenge</i>                                                              | 31 March<br>2023  | 31 December<br>2022 |
|----------------------------------------------------------------------------------------|-------------------|---------------------|
| <b>Financial assets at amortised cost</b>                                              |                   |                     |
| Bonds of Samruk-Kazyna                                                                 | 30,038,788        | 30,072,911          |
| Notes of the National Bank of the Republic of Kazakhstan                               | –                 | 19,062,907          |
| Bank deposits                                                                          | 6,284,849         | 7,434,744           |
| Placements with Eximbank Kazakhstan                                                    | 2,152,828         | 2,165,823           |
| Eurobonds of the Ministry of Finance of the Republic of Kazakhstan                     | 1,918,545         | 1,968,564           |
| Placements with DeltaBank JSC                                                          | 1,230,000         | 1,230,000           |
| Placements with KazInvestBank JSC                                                      | 1,201,850         | 1,201,850           |
| Interest accrued on Samruk-Kazyna bonds                                                | 1,071,833         | 254,333             |
| Interest accrued on Eurobonds of the Ministry of Finance of the Republic of Kazakhstan | 36,948            | 18,945              |
| Notes of the National Bank of the Republic of Kazakhstan                               | –                 | 19,062,907          |
| Less: provision for impairment of placements with Eximbank Kazakhstan                  | (2,152,828)       | (2,165,823)         |
| Less: provision for impairment of placements with DeltaBank JSC                        | (1,230,000)       | (1,230,000)         |
| Less: provision for impairment of placements with Kazinvestbank JSC                    | (1,201,850)       | (1,201,850)         |
| Less: provision for expected credit losses of other financial assets                   | (14,660)          | (24,899)            |
|                                                                                        | <b>39,333,303</b> | 58,787,505          |
| <b>Financial assets at fair value through profit or loss</b>                           |                   |                     |
| Bonds of Special Financial Company DSFK                                                | 356,872           | 377,731             |
|                                                                                        | <b>356,872</b>    | 377,731             |
| <b>Total other financial assets</b>                                                    | <b>39,690,175</b> | 59,165,236          |
| Other current financial assets                                                         | 37,771,630        | 57,196,672          |
| Other non-current financial assets                                                     | 1,918,545         | 1,968,564           |
| <b>Total other financial assets</b>                                                    | <b>39,690,175</b> | 59,165,236          |

Movement in the provision for expected credit losses on other financial assets are as follows:

| <i>In thousands tenge</i>                | 2023             | 2022      |
|------------------------------------------|------------------|-----------|
| <b>As on 1 January</b>                   | <b>4,622,572</b> | 5,002,324 |
| Accrual                                  | 22               | 25,447    |
| Reversal of previously accrued provision | (20,256)         | (248,138) |
| Written off                              | –                | –         |
| <b>31 March</b>                          | <b>4,602,338</b> | 4,779,633 |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 11. OTHER FINANCIAL ASSETS (continued)

#### Bonds of Samruk-Kazyna JSC

On 3 December 2020, the Group purchased coupon bonds of Samruk-Kazyna JSC on the Kazakhstan Stock Exchange. The bond circulation period is 3 December 2023. The bonds were classified as carried at amortized cost and were initially recognized at fair value using a discount rate of 10.9%. Also, on 7 December 2020, the Group purchased coupon bonds of Samruk-Kazyna JSC on the Kazakhstan Stock Exchange. The bond circulation period is 3 December 2023. The bonds were classified as carried at amortized cost and were initially recognized at fair value using a discount rate of 10.9%.

At initial recognition on purchased coupon bonds a premium of 213,089 thousand tenge was accrued. For the 3 months of 2023 the amount of premium amortization was 34,123 thousand tenge (3 months of 2022: 32,279 thousand tenge).

#### Notes of the National Bank of the Republic of Kazakhstan

During the 3 months of 2023, the amount of repayments for discount notes of the National Bank of the Republic of Kazakhstan amounted to 19,207,145 thousand tenge (for the period ended 31 March 2022: 5,000,000 thousand tenge). During the period ended 31 March 2023 the Group recognised finance income in the amount of 144,239 thousand tenge (during the period ended 31 March 2022: 242,815 thousand tenge) (*Note 23*).

#### Bank deposits

As at 31 March 2023 and 31 December 2022 the deposits include accrued interest income in the amount of 621 thousand tenge and 1,482 thousand tenge, respectively.

#### Funds held in JSC "Eximbank Kazakhstan" (hereinafter - "Eximbank Kazakhstan")

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

During the three months ended 31 March 2023 the Liquidation Committee of Eximbank Kazakhstan made payment in the amount of USD 35.8 thousand (equivalent to KZT 15,900 thousand as at the payment date) according to the approved creditor claims register dated 13 June 2019. The Group recognised an appropriate reversal of impairment allowance (for the three months ended 31 March 2022: USD 267 thousand equivalent to 115,985 thousand tenge).

#### Kazinvestbank and DeltaBank

No payments were made during the three months ended 31 March 2023 and 2022.

#### Eurobonds of the Ministry of Finance of the Republic of Kazakhstan

On 26 April 2019, the Group acquired Eurobonds of the Ministry of Finance of the Republic of Kazakhstan at a rate of 3 875% in the amount of 4,200,000 units per annum and maturity until October 2024 at a price higher than the nominal amount of 4,368 thousand US dollars (equivalent of 1,918,545 thousand tenge).

#### Bonds of Special Financial Company DSFK LLP

During the three months ended 31 March 2023 and 2022 DSFK LLP redeemed bonds worth 20,893 thousand tenge and 999 thousand tenge respectively.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. OTHER FINANCIAL ASSETS (continued)

Other financial assets were denominated in the following currencies:

| <i>In thousands tenge</i> | <b>Interest rate</b> | <b>31 March<br/>2023</b> | <b>31 December<br/>2022</b> |
|---------------------------|----------------------|--------------------------|-----------------------------|
| Tenge                     | 0.01 – 15.5%         | <b>49,771,142</b>        | 49,771,142                  |
| US dollar                 | 1 – 3.875%           | <b>9,394,094</b>         | 9,394,094                   |
|                           |                      | <b>59,165,236</b>        | 59,165,236                  |

### 12. RESTRICTED CASH

| <i>in KZT thousand</i>                               | <b>31 March<br/>2023</b> | <b>31 December<br/>2022</b> |
|------------------------------------------------------|--------------------------|-----------------------------|
| Cash reserved for return as contractors' collaterals | <b>1,184,208</b>         | 1,015,833                   |
| Cash in funding accounts                             | <b>867,307</b>           | –                           |
| Less: provision for expected credit losses           | <b>(3,729)</b>           | (371)                       |
|                                                      | <b>2,047,786</b>         | 1,015,462                   |

During the three months ended 31 March 2023 and 2022, no interest was charged on the funds in the reserve for refunds under the guarantee obligations.

During the three months ended 31 March 2023 a funding deposit was placed with Halyk Bank of Kazakhstan JSC as part of the Company's employee mortgage lending financing. As at the end of the reporting period the deposit amounted to KZT 867,179 thousand; accrued income of KZT 128 thousand.

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

| <i>In thousands tenge</i>                | <b>2023</b>  | <b>2022</b> |
|------------------------------------------|--------------|-------------|
| <b>As on 1 January</b>                   | <b>371</b>   | 258         |
| Accrual                                  | <b>3,358</b> | 39          |
| Reversal of previously accrued provision | <b>–</b>     | (2)         |
| <b>31 March</b>                          | <b>3,729</b> | 295         |

As at 31 March 2023 and 31 December 2022, restricted cash was denominated in tenge.

### 13 CASH AND CASH EQUIVALENTS

| <i>In thousands tenge</i>                          | <b>31 March<br/>2023</b> | <b>31 December<br/>2022</b> |
|----------------------------------------------------|--------------------------|-----------------------------|
| Short-term deposits, in KZT                        | <b>45,293,754</b>        | 22,775,139                  |
| Short-term deposits, in foreign currencies         | <b>973,482</b>           | –                           |
| Current accounts with banks, in KZT                | <b>933,216</b>           | 4,918,470                   |
| Current accounts with banks, in foreign currencies | <b>123,951</b>           | 48,162                      |
| Cash on hand in tenge                              | <b>4,721</b>             | 4,232                       |
| Cash on special accounts in tenge                  | <b>654</b>               | 654                         |
| Less: provision for expected credit losses         | <b>(78,494)</b>          | (183,565)                   |
|                                                    | <b>47,251,284</b>        | 27,563,092                  |

During the period ended 31 March 2023 the Group placed short-term deposits with banks at 14.75-15.75% per annum in Tenge and current accounts with banks at 0.02% per annum.

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **13 CASH AND CASH EQUIVALENTS (CONTINUED)**

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

| <i>In thousands tenge</i>                | <b>2023</b>      | <b>2022</b> |
|------------------------------------------|------------------|-------------|
| <b>As on 1 January</b>                   | <b>183,565</b>   | 775         |
| Accrual                                  | <b>64,137</b>    | 32,342      |
| Reversal of previously accrued provision | <b>(169,208)</b> | –           |
| <b>31 March</b>                          | <b>78,494</b>    | 33,117      |

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

| <i>In thousands tenge</i> | <b>31 March<br/>2023</b> | <b>31 December<br/>2022</b> |
|---------------------------|--------------------------|-----------------------------|
| KZT                       | <b>46,163,093</b>        | 27,514,941                  |
| US dollar                 | <b>1,087,785</b>         | 47,775                      |
| Russian rouble            | <b>43</b>                | 14                          |
| EUR                       | <b>1</b>                 | 1                           |
| Other                     | <b>362</b>               | 361                         |
|                           | <b>47,251,284</b>        | 27,563,092                  |

### **14. EQUITY**

As at 31 March 2023 and 31 December 2022, the Company's share capital amounted to 260,000,000 issued shares of which 259,998,610 were authorised and fully paid up for a total amount of 126,799,554 thousand tenge.

#### **Treasury shares**

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

#### **Dividends**

In May 2022, shareholders approved the distribution of net profit for the second half 2021. Thus, the total amount of dividends was KZT 13,220,929 billion allocated to all holders of ordinary shares of the Company, which is KZT 50.85 per one ordinary share. The total allocation for 2021 resulted to 67% of net profit for the year, which is 35,248,011 thousand tenge.

In October 2022 the shareholders approved distribution of 100% of net profit for the 1st half of 2022 and part of retained earnings of previous periods. Thus, the total amount of dividends was KZT 17,014,309 billion allocated to all holders of ordinary shares of the Company, which is KZT 65.44 per one ordinary share. The dividends were paid on 12 January 2023:

#### **Earnings per share**

Basic and diluted earnings per share are calculated by dividing net profit for the period by the weighted average number of common shares outstanding during the period. The Group had a weighted average number of ordinary shares outstanding of 259,998,610 for the period ended 31 March 2023 (year ended 31 December 2021: 259,998,610 shares). For the period ended 31 March 2023 and 2022 the basic and diluted earnings per share were KZT 51.82 and KZT 32.79, respectively.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14. EQUITY (CONTINUED)

#### Book value per share

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

| <i>In thousands tenge</i>                 | <b>31 March<br/>2023</b> | <b>31 December<br/>2022</b> |
|-------------------------------------------|--------------------------|-----------------------------|
| <b>Total assets</b>                       | <b>988,531,729</b>       | 986,612,189                 |
| Less: intangible assets                   | <b>(3,259,857)</b>       | (3,453,791)                 |
| Less: total liabilities                   | <b>(321,494,130)</b>     | (333,047,025)               |
| <b>Net assets</b>                         | <b>663,777,742</b>       | 650,111,373                 |
| Number of ordinary shares                 | <b>259,998,610</b>       | 259,998,610                 |
| <b>Book value per ordinary share, KZT</b> | <b>2,553</b>             | 2,500                       |

#### Asset revaluation reserve

Asset revaluation reserve is represented by revaluation surplus recognized as a result of revaluation of Group’s National Power Grid (NPG) assets as on 1 December 2022 (previous revaluation was held as at 1 December 2021) (Note 6) Transfer from asset revaluation reserve to retained earnings as a result of disposal of NPG assets for the period ended 31 March 2023 amounted to KZT 8,628 thousand (for the period ended 31 March 2022: 4,735 thousand tenge).

### 15. BORROWINGS

| <i>In thousands tenge</i>                                        | <b>31 March<br/>2023</b> | <b>31 December<br/>2022</b> |
|------------------------------------------------------------------|--------------------------|-----------------------------|
| The International Bank for Reconstruction and Development (IBRD) | <b>11,635,264</b>        | 12,575,944                  |
| The European Bank for Reconstruction and Development (EBRD)      | <b>–</b>                 | 4,322,713                   |
|                                                                  | <b>11,635,264</b>        | 16,898,657                  |
| Less: current portion of loans repayable within 12 months        | <b>(1,041,314)</b>       | (5,530,813)                 |
|                                                                  | <b>10,593,950</b>        | 11,367,844                  |

As at 31 March 2023 and 31 December 2022 accrued and unpaid interest on loans amounted to KZT 32,366 thousand and KZT 252,227 thousand, respectively. As at 31 March 2023 and 31 December 2022 the unamortised part of loan arrangement fees amounted to KZT 13,959 thousand and KZT 20,450 thousand, respectively.

Loans were denominated in the following currencies:

| <i>In thousands tenge</i> | <b>31 March<br/>2023</b> | <b>31 December<br/>2022</b> |
|---------------------------|--------------------------|-----------------------------|
| US dollar                 | <b>11,635,264</b>        | 12,575,944                  |
| Euro                      | <b>–</b>                 | 4,322,713                   |
|                           | <b>11,635,264</b>        | 16,898,657                  |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15. BORROWINGS (continued)

#### Kazakhstan Electricity Transmission Rehabilitation Project, Phase II

In 2008, to implement Kazakhstan Electricity Transmission Rehabilitation Project, Phase II, the following credit facilities were received:

Two facilities of EUR 127,500 thousand and EUR 75,000 thousand provided by the EBRD for a period of fifteen (15) years, of which the first four (4) years were a grace period. The loan interest is a six-month EUROBOR plus 3.85% margin, and repaid twice a year. As at 31 March 2023, the loan principal was fully repaid (31 December 2022: EUR 8,626 thousand (tenge equivalent of 4,251,360 thousand)).

#### Moinak Electricity Transmission Project

In 2009 to implement the Moinak Electricity Transmission Project, KEGOC received a credit facility to the amount of USD 48,000 thousand granted by IBRD for 25 years, including first five years of grace period. The credit facility is secured by the guarantee of the Government of Kazakhstan. The loan interest is a six-month LIBOR plus 0.85% fixed spread, and repaid twice a year. In May 2013, the undisbursed part of IBRD loan to the amount of USD 3,274 thousand was cancelled because the actual Project costs appeared to be lower than expected. As of 31 March 2023 and 31 December 2022, the outstanding balance of the loan is USD 25,717 thousand (equivalent of KZT 11,616,857 thousand) and USD 26,836 thousand (equivalent of KZT 12,415,520 thousand), respectively.

### 16. BONDS

| <i>In thousands tenge</i>                                 | <b>31 March<br/>2023</b> | <b>31 December<br/>2022</b> |
|-----------------------------------------------------------|--------------------------|-----------------------------|
| Nominal value of bonds issued                             | <b>150,941,100</b>       | 134,941,100                 |
| Accrued coupon interest                                   | <b>11,468,456</b>        | 6,058,889                   |
| Less: discount on issued bonds                            | <b>(1,428,225)</b>       | (1,457,789)                 |
| Less: transaction costs                                   | <b>(87,217)</b>          | (89,156)                    |
|                                                           | <b>160,894,114</b>       | 139,453,044                 |
| Less: current portion of bonds repayable within 12 months | <b>(11,468,456)</b>      | (6,058,889)                 |
|                                                           | <b>149,425,658</b>       | 133,394,155                 |

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

- (a) During the period from June to August 2016 the Group issued coupon bonds with nominal amount of 47,500,000 thousand tenge under floating interest rate equal to the inflation rate in Republic of Kazakhstan plus 2.9% with the maturity in 2031 (the minimum rate of the consumer price index is set at 5%). The coupon rate was 9.3% per annum for the period from 26 May 2020 to 26 May 2021, and 9.9% per annum from 26 May 2021 to 26 May 2022 and 14.9% per annum from 26 May 2022 to 31 March 2023.  
All bonds under this tranche were purchased by the Unified Accumulative Pension Fund.  
The bonds were placed at a discount of KZT 111,945 thousand.
- (b) In August 2017, the Group placed the second tranche of coupon bonds amounting to KZT 36,300,000 thousand with a fixed rate of 11.5%.  
All bonds under this program were acquired by Unified Accumulative Pension Fund and other entities.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 16. BONDS (continued)

To implement the investment project “Rehabilitation of 220-500 kV overhead lines at the branches of KEGOC”, “West Kazakhstan Electricity Transmission Reinforcement Project. Construction of Power Grid Facilities”:

- On 28 May 2020, bonds of KEGOC were placed on the trading floor of Kazakhstan Stock Exchange JSC (KASE) with a nominal value of KZT 9,700,000 thousand with a yield of 11% per annum. The bonds were placed at a discount in the amount of KZT 667,593 thousand. As a result of the 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 the trading floor of Kazakhstan Stock Exchange JSC (KASE) with nominal volume of KZT 8,869,672 thousand with an average weighted yield to maturity of 11.62% per annum. The bonds were placed at a discount in the amount of KZT 380,267 thousand tenge, the accrued coupon interest on the date of placement was KZT 159,900 thousand. 22.6% of bonds were bought out by broker/dealer companies, 72.8%, by other institutional investors, and 4.6% by other legal entities.

On 21 October 2021, KEGOC's bonds were placed on the trading floor of Kazakhstan Stock Exchange JSC (KASE) with nominal volume of KZT 16,430,328 thousand with an average weighted yield to maturity of 11.5% per annum. The bonds were placed at a discount in the amount of KZT 562,427 thousand tenge, the accrued coupon interest on the date of placement was KZT 717,914 thousand. 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 the trading floor of Kazakhstan Stock Exchange (KASE) with a total volume of KZT 16,141,100 thousand and a margin of 3%. Securities were placed as part of the second issue of bonds of the second bond programme of the issuer in the amount of KZT 35 billion, maturing until 2037. In the context of the main categories of investors, 50.4% were banks, 49.6% were other institutional investors.

- On 30 March 2023 KEGOC successfully placed green bonds on the trading floor of the Kazakhstan Stock Exchange (KASE) in the total amount of KZT 16,000,000 thousand with a margin of 3%. The securities were placed within the second bond issue of the second bond programme of the issuer, maturing in 2037. The investors were Development Bank of Kazakhstan JSC and European Bank for Reconstruction and Development (EBRD).

During the period ended 31 March 2023, the Group capitalized the cost of coupon interest on bonds issued less investment income in the amount of KZT 1,595,057 thousand (31 March 2022: 718,505 thousand tenge) (*Note 23*).

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 17. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other payables as at 31 March 2023 and 31 December 2022:

| <i>In thousands tenge</i>                                                       | 31 March<br>2023 | 31 December<br>2022 |
|---------------------------------------------------------------------------------|------------------|---------------------|
| Accounts payable for property, plant and equipment and construction in progress | 7,326,960        | 17,076,998          |
| Accounts payable for electricity purchased                                      | 4,685,006        | 6,986,171           |
| Accounts payable for inventories, works and services                            | 2,828,807        | 2,493,858           |
| Less: discount                                                                  | (564,364)        | (697,311)           |
|                                                                                 | 14,276,409       | 25,859,716          |
| Less: current portion of trade payables repayable within 12 months              | 12,113,285       | 21,713,025          |
|                                                                                 | 2,163,124        | 4,146,691           |

As at 31 March 2023 and 31 December 2022 trade and other payables were denominated in the following currencies:

| <i>In thousands tenge</i> | 31 March<br>2023 | 31 December<br>2022 |
|---------------------------|------------------|---------------------|
| Tenge                     | 11,851,300       | 19,480,873          |
| Russian rouble            | 6,421,157        | 6,325,079           |
| USD                       | 3,952            | 53,764              |
|                           | 14,276,409       | 25,859,716          |

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

### 18. TAXES PAYABLE OTHER THAN CORPORATE INCOME TAX

| <i>In thousands tenge</i>       | 31 March<br>2023 | 31 December<br>2022 |
|---------------------------------|------------------|---------------------|
| VAT payable                     | 1,766,739        | 682,925             |
| Liabilities to the pension fund | 252,481          | 401,717             |
| Individual corporate income tax | 189,094          | 350,859             |
| Social tax                      | 147,936          | 282,789             |
| Social contribution payable     | 165,192          | 185,992             |
| Property tax                    | 309              | 3,190               |
| Other                           | 50,221           | 25,624              |
|                                 | 2,571,972        | 1,933,096           |

### 19. OTHER CURRENT LIABILITIES

| <i>In thousands tenge</i> | 31 March<br>2023 | 31 December<br>2022 |
|---------------------------|------------------|---------------------|
| Due to employees          | 5,134,646        | 3,996,978           |
| Other                     | 1,457,481        | 1,240,113           |
|                           | 6,592,127        | 5,237,091           |

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**20. REVENUE FROM CONTRACTS WITH CUSTOMERS**

| <i>In thousands tenge</i>                                                            | <b>31 March<br/>2023</b> | <b>31 March<br/>2022</b> |
|--------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Electricity transmission                                                             | <b>42,075,574</b>        | 38,347,133               |
| Technical dispatching services                                                       | <b>8,977,195</b>         | 8,559,092                |
| Electricity generation and consumption balancing services                            | <b>5,737,059</b>         | 5,323,003                |
| Sale of electricity for compensation of the interstate balances of electricity flows | <b>3,127,604</b>         | 1,872,985                |
| Power regulation services                                                            | <b>155,089</b>           | 238,051                  |
| Other                                                                                | <b>531,128</b>           | 480,235                  |
|                                                                                      | <b>60,603,649</b>        | 54,820,479               |

| <i>MW/hour</i>                                                                       | <b>31 March<br/>2023</b> | <b>31 March<br/>2022</b> |
|--------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Electricity transmission                                                             | <b>14,769,354</b>        | 13,603,412               |
| Technical dispatching services                                                       | <b>28,589,792</b>        | 27,970,890               |
| Electricity generation and consumption balancing services                            | <b>55,407,508</b>        | 54,323,445               |
| Sale of electricity for compensation of the interstate balances of electricity flows | <b>573,190</b>           | 190,873                  |
| Power regulation services (MW)                                                       | <b>150</b>               | 219                      |

| <i>In thousands of tenge</i>                         | <b>31 March<br/>2023</b> | <b>31 March<br/>2022</b> |
|------------------------------------------------------|--------------------------|--------------------------|
| <b>Revenue recognition timeline</b>                  |                          |                          |
| The goods are transferred at a certain point in time | <b>3,127,604</b>         | 1,872,985                |
| The services are provided over a period of time      | <b>57,476,045</b>        | 52,947,494               |
| <b>Total revenue from contracts with customers</b>   | <b>60,603,649</b>        | 54,820,479               |

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

**21. COST OF SERVICES**

| <i>In thousands tenge</i>                                                                                | <b>31 March<br/>2023</b> | <b>31 March<br/>2022</b> |
|----------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Depreciation and amortisation                                                                            | <b>12,469,582</b>        | 15,979,268               |
| Costs for purchase of electricity to compensate for interstate electricity balance flows                 | <b>8,837,992</b>         | 5,599,493                |
| Technical losses of electric energy                                                                      | <b>7,893,423</b>         | 8,059,123                |
| Payroll expenses and other deductions associated with payroll                                            | <b>6,840,715</b>         | 5,130,319                |
| Taxes                                                                                                    | <b>1,920,167</b>         | 2,365,659                |
| Operation and maintenance costs                                                                          | <b>1,220,576</b>         | 1,518,896                |
| For the purchase of services associated with maintaining readiness of electric capacity to bear the load | <b>1,035,011</b>         | 1,175,357                |
| Security expenses                                                                                        | <b>375,055</b>           | 363,356                  |
| Inventory                                                                                                | <b>210,756</b>           | 173,361                  |
| Other                                                                                                    | <b>1,109,312</b>         | 691,622                  |
|                                                                                                          | <b>41,912,589</b>        | 41,056,454               |

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**22. GENERAL AND ADMINISTRATIVE EXPENSES**

| <i>In thousands tenge</i>                                     | <b>31 March<br/>2023</b> | <b>31 March<br/>2022</b> |
|---------------------------------------------------------------|--------------------------|--------------------------|
| Payroll expenses and other deductions associated with payroll | <b>1,333,848</b>         | 1,080,064                |
| Depreciation and amortisation                                 | <b>245,668</b>           | 227,003                  |
| Software costs                                                | <b>221,041</b>           | 132,498                  |
| Third-party services                                          | <b>155,265</b>           | 109,026                  |
| Taxes excluding income tax                                    | <b>76,224</b>            | 45,102                   |
| Consulting services                                           | <b>67,828</b>            | 72,448                   |
| Insurance expenses                                            | <b>26,797</b>            | 6,585                    |
| Business trip expenses                                        | <b>22,221</b>            | 5,866                    |
| Utility service costs                                         | <b>18,675</b>            | 26,327                   |
| Materials                                                     | <b>12,833</b>            | 5,965                    |
| Expenses for the Board of Directors                           | <b>1,939</b>             | 28,120                   |
| (Recovery)/provision for obsolete inventories                 | <b>(10,786)</b>          | 70,119                   |
| Other                                                         | <b>290,141</b>           | 95,790                   |
|                                                               | <b>2,461,694</b>         | 1,904,913                |

**23. FINANCE INCOME/(COSTS)**

| <i>In thousands tenge</i>                                                                    | <b>31 March<br/>2023</b> | <b>31 March<br/>2022</b> |
|----------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Finance income</b>                                                                        |                          |                          |
| Interest income on deposits, current accounts and quoted bonds                               | <b>1,789,641</b>         | 1,087,990                |
| Income from notes of the National Bank of the Republic of Kazakhstan (Note 11)               | <b>144,239</b>           | 242,815                  |
| Amortization of discount on long-term receivables from related parties (Note 27)             | <b>17,112</b>            | 20,057                   |
| Income from revaluation of DSFK financial instruments (Note 11)                              | <b>–</b>                 | 22,622                   |
| Other finance income                                                                         | <b>18,998</b>            | –                        |
|                                                                                              | <b>1,969,990</b>         | 1,373,484                |
| Less: interest capitalized into the cost of qualified property, plant and equipment (Note 6) | <b>(181,680)</b>         | (272,454)                |
|                                                                                              | <b>1,788,310</b>         | 1,101,030                |
| <b>Finance costs</b>                                                                         |                          |                          |
| Bond coupon                                                                                  | <b>4,560,966</b>         | 3,181,750                |
| Interest on loans                                                                            | <b>171,901</b>           | 217,569                  |
| Amortization of discount on accounts payable and bonds                                       | <b>164,451</b>           | 202,128                  |
| Amortization of premium on other financial assets                                            | <b>37,601</b>            | 35,851                   |
| Bank guarantee commission                                                                    | <b>30,690</b>            | 187,217                  |
| Loan administration fee amortization                                                         | <b>6,492</b>             | 12,412                   |
| Other expenses for bonds issued                                                              | <b>18,781</b>            | 1,494                    |
|                                                                                              | <b>4,990,882</b>         | 3,839,421                |
| Less: interest capitalized into the cost of qualified property, plant and equipment (Note 6) | <b>(1,776,737)</b>       | (990,959)                |
|                                                                                              | <b>3,214,145</b>         | 2,848,462                |

The discounting expense is mainly represented by the amortization of the discount on long-term payables to related party Karabatan Utility Solutions LLP (Note 27).

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 24. FOREIGN EXCHANGE GAIN, NET

Due to the change in KZT exchange rate for the period ended 31 March 2023, the Group recognized a net foreign exchange gain of KZT 380,296 thousand (for the period ended 31 March 2022: a net foreign exchange loss of KZT 653,821 thousand).

### 25. CORPORATE INCOME TAX EXPENSE

| <i>In thousands tenge</i>                                                                           | 31 March<br>2023 | 31 March<br>2022 |
|-----------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Current corporate income tax</b>                                                                 |                  |                  |
| Corporate income tax expense                                                                        | 4,665,330        | 3,991,599        |
| Adjustments in respect of current corporate income tax of previous year                             | –                | (7,390)          |
| <b>Deferred tax</b>                                                                                 |                  |                  |
| Deferred tax relief                                                                                 | (1,428,411)      | (2,111,231)      |
| <b>Total corporate income tax expense reported in interim consolidated profit or loss statement</b> | <b>3,236,919</b> | <b>1,872,978</b> |

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

| <i>In thousands tenge</i>           | 31 March<br>2023     | 31 December<br>2022  |
|-------------------------------------|----------------------|----------------------|
| Deferred tax assets                 | –                    | –                    |
| Deferred tax liability              | (122,542,874)        | (123,971,284)        |
| <b>Net deferred tax liabilities</b> | <b>(122,542,874)</b> | <b>(123,971,284)</b> |

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to corporate income taxes levied by the same tax authority.

As of 31 March 2023, the prepayment for corporate income tax amounted to KZT 125,461 thousand (as of 31 December 2022: KZT 128,400 thousand).

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)**

### **26. TRANSACTIONS WITH RELATED PARTIES**

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

Related party transactions as at 31 March 2023 and 2022 are as follows:

| <i>In thousands tenge</i>                            |             | Subsidiaries of<br>Samruk-<br>Kazyna Group | Associated of<br>Samruk-<br>Kazyna | Samruk-<br>Kazyna joint<br>ventures | Associated of<br>the Group |
|------------------------------------------------------|-------------|--------------------------------------------|------------------------------------|-------------------------------------|----------------------------|
|                                                      | <b>2023</b> | <b>12,691,018</b>                          | <b>1,708,966</b>                   | <b>724,549</b>                      | <b>163,750</b>             |
| Sale of services                                     | 2022        | 8,278,710                                  | 1,897,770                          | 666,041                             | 183,429                    |
|                                                      | <b>2023</b> | <b>7,369,041</b>                           | <b>507,566</b>                     | –                                   | <b>17,114</b>              |
| Purchase goods and services                          | 2022        | 6,801,877                                  | 481,411                            | –                                   | 21,553                     |
| Depreciation of discount on long-term<br>receivables | <b>2023</b> | <b>17,112</b>                              | –                                  | –                                   | –                          |
|                                                      | 2022        | 20,057                                     | –                                  | –                                   | –                          |
| Depreciation of discount on long-term<br>payables    | <b>2023</b> | <b>132,948</b>                             | –                                  | –                                   | –                          |
|                                                      | 2022        | 170,938                                    | –                                  | –                                   | –                          |

Outstanding balances as at 31 March 2023 and 31 December 2022 from related party transactions are as follows:

| <i>In thousands tenge</i>                                              |                   | Subsidiaries<br>of Samruk-<br>Kazyna<br>Group | Associated of<br>Samruk-<br>Kazyna | Samruk-<br>Kazyna joint<br>ventures | Associated of<br>the Group |
|------------------------------------------------------------------------|-------------------|-----------------------------------------------|------------------------------------|-------------------------------------|----------------------------|
| Current trade accounts receivables for<br>the sale of services         | <b>2023 years</b> | <b>3,597,432</b>                              | <b>438,249</b>                     | <b>115,147</b>                      | <b>114,589</b>             |
|                                                                        | 2022 years        | 4,196,537                                     | 706,405                            | 137,722                             | 58,744                     |
| Accounts receivable for sale of property,<br>plant and equipment       | <b>2023 years</b> | <b>662,722</b>                                | –                                  | –                                   | –                          |
|                                                                        | 2022 years        | 694,735                                       | –                                  | –                                   | –                          |
| Accounts payables for property complex                                 | <b>2023 years</b> | <b>4,153,511</b>                              | –                                  | –                                   | –                          |
|                                                                        | 2022 years        | 6,379,501                                     | –                                  | –                                   | –                          |
| Current trade and other accounts<br>payable for the services purchased | <b>2023 years</b> | <b>2,553,754</b>                              | <b>170,250</b>                     | <b>13,904</b>                       | <b>11,824</b>              |
|                                                                        | 2022 years        | 1,446,569                                     | 208,615                            | 582                                 | 8,821                      |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 26. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

#### *Revenues and cost of sales, trade accounts receivable and payable*

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

#### *Other receivables*

On 30 September 2015 the Group has sold buildings and constructions with equipment and land located in Astana city to its related party, Kazpost JSC, for KZT 2,161,476 thousand. In accordance with sales agreement Kazpost JSC will repay the outstanding balance by equal monthly payments until June 2027. Accordingly, the Group has discounted future cash flows at a market discount rate of 10.37%. As of 31 March 2023, the unamortized discount on receivables from Kazpost JSC amounted to KZT 156,008 thousand. As at 31 December 2023, net debt amounted to KZT 662,733 thousand, where KZT 482,610 thousand was included in long-term receivables from related parties. For the three months ended 31 March 2023, the Group recognized income from amortization of the discount in the amount of KZT 17,112 thousand (for the three months ended 31 March 2022: KZT 20,057 thousand) (Note 23).

As at 31 March 2023 the Group had accounts receivable for the sale of property, plant and equipment of Balkhash thermal power plant (TPP) JSC to a related party in the amount of KZT 220,494 thousand (as at 31 December 2022: KZT 220,494 thousand). In accordance with sale agreement, Balkhash TPP JSC had to pay the outstanding balance till the end of 2018, however, as at 31 March 2023 the amount hasn't been paid. In connection with the suspension of construction of Balkhash TPP, the management of the Group decided to accrue a 100% provision for the expected credit losses in 2018.

The total ECL for trade receivables from related parties as at 31 March 2023 was KZT 308,432 thousand (as at 31 December 2022: KZT 312,336 thousand).

#### *Accounts payables for property complex and amortization of discount*

In November-December 2020, the Group acquired a property complex from a related party – Karabatan Utility Solutions LLP in the amount of 11,794,689 thousand tenge. In accordance with the sale and purchase agreement, the Group shall complete the payment in equal annual instalments until 25 March 2025. Accordingly, the Group has discounted future cash flows at a market interest rate of 10.25%. As of 31 March 2023, the unamortized discount on accounts payable of Karabatan Utility Solutions LLP amounted to KZT 564,364 thousand (as of 31 December 2022: KZT 697,311 thousand).

As at 31 March 2023, net debt amounted to KZT 4,153,511 thousand, of which KZT 2,163,123 thousand were included in long-term payables from related parties. For the three months ended 31 March 2023, the Group recognized an expense from amortization of the discount on long-term accounts payable in the amount of KZT 132,948 thousand.

#### *Other*

The amount of the guarantee of the Government of the Republic of Kazakhstan under the IBRD loan as of 31 March 2023 amounted to KZT 11,635,264 thousand (as of 31 December 2022: KZT 12,590,206 thousand).

The remuneration of key management personnel and all other expenses related to it (taxes, deductions, sick leave, vacation pay, material assistance, etc.) included in salary expenses in the attached condensed interim consolidated statement of comprehensive income amounted to KZT 62,016 thousand for the period ended 31 March 2023 (for the three months ended 31 March 2022: KZT 72,354 thousand).

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

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 27. COMMITMENTS AND CONTINGENCIES

#### Operating environment

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

Interest rates in Tenge remain high. Combination of these factors resulted in a reduced access to capital, a higher cost of capital, increased uncertainty regarding further economic growth, which could negatively affect the Group's financial position, results of operations and business prospects. The management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Since March 2020, there has been significant volatility in the stock, foreign exchange and commodity markets, including the depreciation of KZT to USD and EUR. The extent and duration of these events remains uncertain. However, management does not expect a significant impact on the profit, cash flows and financial condition of the Group.

#### 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 unreported and discovered violations of Kazakhstan law are severe. Penalties are generally 50%-80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued as at 31 March 2023.

#### Compliance with loan covenants

As disclosed in *Note 15*, the Group has loan agreements with the EBRD and IBRD. Due to the fact that the loan agreement with the EBRD has been fully satisfied in accordance with the repayment schedule, as of 31 March 2023, there is no need to meet the terms of the loan agreement in terms of financial covenants.

The Group also issued bonds (*Note 16*) and must comply with the following covenants:

- the ratio of Debt to EBITDA is not more than 3:1 (as of 31 March 2023 – 1,67);
- the ratio of Debt to Equity is not more than 0.6:1 (as of 31 March 2023 – 0,26).

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

#### Insurance

As at 31 March 2023, the Group insured operational assets for the amount of KZT 542,550,435 thousand. This amount does not include the result of the revaluation of NPG assets carried as at 1 December 2022, since the procedure for concluding an insurance contract was carried out before 1 December 2022. 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 consolidated financial statements for unexpected expenses associated with damage or loss of such assets.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 28. CONTINGENT LIABILITIES (CONTINUED)

#### Contractual commitments

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

The five-year (2021-2025) investment programme of KEGOC for a total amount of KZT 274,760,648 thousand was approved by joint order No.122 of the sectoral state body dated 7 April 2021 and the department of the authorized body No.21-OD dated 11 March 2021 in accordance with legislation on natural monopolies of the Republic of Kazakhstan and shall be implemented 100%. However, KEGOC may make changes to it and adjust the cost and timing of individual events.

As at 31 December 2023, the amount of capital commitments under contracts entered into by the Group under the investment plan amounted to KZT 54,606,085 thousand (31 December 2022: KZT 57,388,081 thousand).

In 2020-2021, due to the unstable epidemiological situation and the introduction of sanitary measures almost everywhere, it was objectively difficult to organize and ensure the timely completion of construction and installation works in full, as part of the capital investment plan.

Due to the fact that a significant part of open contracts is equipment purchased outside the Republic of Kazakhstan, the pace of production and logistics was negatively affected by the reduction of working shifts and the limitation of the number of personnel at manufacturing plants, which leads to a delay in the supply of the main power equipment and, accordingly, the timing fulfilment of contractual obligations of a capital nature. In addition, fluctuations in the value of contractual obligations, remains a possibility, the main reason for which is the impact of a possible change in the exchange rates of the national currency.

#### Activity regulation

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

The company provided regulated services from 1 January to 30 September 2021, at the following tariffs:

- 2.448 tenge per kWh (excluding VAT) for the transmission of electricity;
- 0.264 tenge per kWh (excluding VAT) for technical dispatching of supply and consumption of electricity in the grid;
- 0.086 tenge per kWh (excluding VAT) for balancing the production and consumption of electricity.

These tariffs on regulated services of KEGOC have been set in accordance with requirements of paragraph 3 of Article 15 of the Law of the Republic of Kazakhstan “On natural monopolies”, in accordance with which the funds allocated for the implementation of the approved investment programme (amortized contributions and profits) have been excluded from then-current approved tariff for 2020, with the exception of fund used to repay the principal amount of loans raised for the implementation of investment programme.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 28. CONTINGENT LIABILITIES (continued)

#### Activity regulation (continued)

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

- 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);
  - from 1 October 2023 to 30 September 2024 – 3.004 tenge/kWh (excluding VAT);
  - from 1 October 2024 to 30 September 2025 – 3.106 tenge/kWh (excluding VAT);
  - from 1 October 2025 to 30 September 2026 – 3.134 tenge/kWh (excluding VAT).
- 2) technical dispatching of the electricity supply and consumption in the grid:
  - 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);
  - from 1 October 2023 to 30 September 2024 – 0.333 tenge/kWh (excluding VAT);
  - from 1 October 2024 to 30 September 2025 – 0.348 tenge/kWh (excluding VAT);
  - from 1 October 2025 to 30 September 2026 – 0.355 tenge/kWh (excluding VAT).
- 3) electricity production and consumption balancing:
  - 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);
  - from 1 October 2023 to 30 September 2024 – 0.105 tenge/kWh (excluding VAT);
  - from 1 October 2024 to 30 September 2025 – 0.108 tenge/kWh (excluding VAT);
  - from 1 October 2025 to 30 September 2026 – 0.110 tenge/kWh (excluding VAT).

Order No. 67-OD of the Committee on the regulation of natural monopolies and protection of competition of the Ministry of National Economy of the Republic of Kazakhstan dated 22 April 2022, approved temporary compensatory tariffs (hereinafter referred to as TCT) for regulated services of KEGOC with due regard to the fact of non-fulfillment of cost items in the tariff estimate as a result of savings on purchased electricity for technical losses of electricity in 2017 and 2018, effective on 1 June 2022 to 31 May 2023:

Electricity transmission tariffs:

- 2.594 tenge / kWh (without VAT) from 1 June to 30 September 2022;
- 2.645 tenge / kWh (without VAT) from 1 October 2022 to 31 May 2023;

Technical dispatching of the electricity supply and consumption in the grid:

- 0.285 tenge / kWh (without VAT) from 1 June to 30 September 2022;
- 0.294 tenge / kWh (without VAT) from 1 October 2022 to 31 May 2023;

Balancing the production of electricity consumption:

- 0.091 tenge / kWh (without VAT) from 1 June to 30 September 2022;
- 0.095 tenge / kWh (without VAT) from 1 October 2022 to 31 May 2023;

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

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

If the Company had applied the temporary compensatory tariff, then the Company's profit for the three months ended 31 March 2023 would have decreased by KZT 3,166,262 thousand.

### 29. SUBSEQUENT EVENTS

On 2 May 2023, at the annual General Meeting of Shareholders of KEGOC, the amount of dividends for the 2nd half of 2022 was approved in the amount of 13,153,330 thousand tenge for all holders of ordinary shares of KEGOC.